Exhibit B

Rule 26(a)(2)(B) Report of Marc J. Brown, CFA

In the Matter of

***Perez v. First Bankers Trust Services, et al.* (No. 1:12-cv-08648)**

January 15, 2015

I. Introduction

I have been retained by the United States Department of Labor ("the Department") to provide expert opinions with respect to the Maran, Inc. Employee Stock Ownership Plan's ("the ESOP") purchase of a 49% preferred interest in Maran, Inc. ("the Interest") for $70,961,000 on November 30, 2006 ("the Transaction"). Specifically, I have been asked (1) to assess the valuation of Maran, Inc. ("Maran" or "the Company") and the Interest, dated as of November 30, 2006, conducted in connection with the Transaction by Meyers, Harrison & Pia, LLC ("MHP"), the valuation advisor to the ESOP's trustee, First Bankers Trust Services, Inc. ("FBTS") and (2) to determine the actual fair market value of Maran and the Interest as of November 30, 2006 ("the Valuation Date"). During the course of my analysis, I considered various documents and/or information as noted on Exhibit 3.

II. Qualifications and Compensation

I am a Director in the Financial Advisory Services practice of AlixPartners, LLP ("AlixPartners"), a global financial and operational consulting firm, where I focus on valuation advisory services. I have more than 18 years of professional experience in financial analysis, with a primary focus on valuing private and public companies and related securities in a variety of contexts, including for ESOP transactions. I have analyzed companies in diverse industries and have experience in analyzing and valuing entities operating in the apparel and retail industries.

As addressed in more detail in my curriculum vitae (Exhibit 1), I have extensive experience in valuing companies, assets and securities in connection with ESOP transactions and subsequent annual valuation updates, mergers and acquisitions, divestitures, strategic planning, financial reporting, tax reporting and planning, bankruptcies, reorganizations and workout situations, litigation and other disputes. I have provided valuation consulting services related to ESOPs on more than 50 occasions including serving as financial advisor to the ESOP trustee or other stakeholders on approximately eight transactions involving the purchase of securities by ESOP

trusts. I have also conducted ongoing valuations related to annual ESOP valuations for five companies and have provided valuation and litigation consulting services related to ESOP company disputes. In addition, I have performed ESOP formation feasibility studies and have served as a financial and valuation advisor to ESOP-owned companies on both potential buy and sell-side mergers and acquisitions transactions.

In addition to business enterprise valuations, I have valued debt instruments, warrants, options and other derivative securities, common and preferred stock as well as limited partner interests, intellectual property and intangible assets. I have advised law firms, lenders, investors, government agencies and public and private companies of all sizes, both domestically and internationally.

Prior to joining AlixPartners, I was a Senior Analyst in the Valuation Services Group of Price Waterhouse, LLP and an Investment Banking Analyst at John Nuveen & Co. I also worked as an Investment Analyst at Chicago Fundamental Investment Partners, LLC, an investment fund where I valued public companies and specific subsidiaries of these companies, analyzed the market prices of debt, equity and derivative securities and made recommendations to buy or sell specific securities.

I have a Bachelor of Science in Finance (with high honors) from the University of Illinois at Urbana-Champaign and a Master of Business Administration (with honors) from the University of Chicago Graduate School of Business with concentrations in Accounting, Finance and Strategic Management. I am a CFA Charterholder and a member of the CFA Institute, as well as the CFA Society of Chicago, the Turnaround Management Association and the Business Valuation Association. I have presented to diverse audiences on a variety of valuation topics.

The opinions presented in this report are based on my analyses of information provided by the parties in this matter, publicly available information and my experience, training, education and expertise as a financial and valuation consultant. Exhibit 2 contains a description of instances

where I have provided either deposition or trial testimony within the last four years, as well as a listing of my presentations and publications for the last 10 years.

As part of performing my analyses, I utilized a team of AlixPartners' personnel who worked under my direction and control. The opinions expressed herein are solely my own and are subject to change based upon additional new information that I may receive after the date of this report.

AlixPartners is being compensated at $535 per hour for my time and $360 per hour for staff working at my direction.

III. Summary of Opinions

Based on my analysis, it is my opinion that:

- **MHP's valuation of the Interest as of November 30, 2006 contains a number of errors that resulted in a significant overvaluation of the Interest, including:**
    - Failing to account for Maran's actual level of debt, an error that inflated the value of the Interest by $3.7 to $4.3 million;
    - Incorrectly adding $5.5 million of "excess" working capital to its valuation and understating Maran's ongoing need to invest in working capital, errors that inflated the value of the Interest by $8.1 to $8.2 million;
    - Failing to apply a minority discount despite the fact that the ESOP purchased a minority stake in Maran, an error that inflated the value of the Interest by $3.0 to $3.2 million;

  - Failing to properly account for the unreasonably aggressive nature of the financial projections provided by Maran's management, an error that inflated the value of the Interest by $4.8 to $6.2 million;

  - Failing to use correct Guideline Company data, an error that inflated the value of the Interest by $9.8 to $10.9 million; and

  - Selecting Guideline Companies which were not sufficiently comparable to Maran as of the valuation data, an error that inflated the value of the Interest by $9.2 to $11.8 million.[1]

- **The Fair Market Value of the Interest as of November 30, 2006 was $37.0 to $40.3 million, meaning that the ESOP's purchase of the Interest for $70.961 million exceeded the Interest's Fair Market Value by $30.661 to $33.961 million.**

I detail the basis for my opinions in the following sections of my report.

IV. Background

<u>Maran</u>

The Company was founded in 1977 and, as of the Valuation Date, designed and marketed denim apparel, primarily sourcing private label jeans.[2] Maran did not own any manufacturing equipment or facilities, but instead outsourced production to a network of international agents and contract manufacturing facilities in Asia, Africa and South America.[3] MHP described the competitive landscape facing Maran in 2006 as follows:

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[1] These individual calculations are independent of each other and are meant to illustrate the extent to which each of MHP's errors, standing alone, inflated the value of the Interest, keeping the other assumptions in MHP's 11/30/06 Report constant. The summation of these calculations does not reflect a cumulative total overvaluation, given the interdependent nature of the calculations.

[2] Maran, Inc. Confidential Information Memorandum dated August 2006 (Exhibit 47) (p. 5).

[3] Maran, Inc. Confidential Information Memorandum dated August 2006 (Exhibit 47) (pp. 8, 22).

> The apparel industry in which the Company operates is fragmented and highly competitive in the United States and on a worldwide basis. The Company competes with a large number of similar apparel companies. In addition, the Company competes with manufacturers for private label apparel products. The Company does not hold a dominant competitive position and is dependent upon the anticipated popularity of their designs, price, fit, finishes and overall quality of their products and their ability to meet their customers' delivery schedules.[4]

As illustrated in the table below, Maran had sales of $102.4 million in fiscal year 2006 and, despite significant annual sales volatility, had seen a compound annual revenue growth ("CAGR") of 5.3% for the five-year period 2002 to 2006.

Table 1 – Historical Revenue for Maran, Inc., 2002-2006

	For Years Ended August 31,					CAGR
($ In Thousands)	**2002**	**2003**	**2004**	**2005**	**2006**	**2002-06**
Net Revenue	**$83,193**	**$108,835**	**$76,848**	**$99,968**	**$102,386**	
Net Revenue Growth	*n/a*	*30.8%*	*-29.4%*	*30.1%*	*2.4%*	*5.3%*
Source: MHP 11/30/06 Report (Exhibit 16)						

Maran sold its products to a relatively focused customer base of discount retailers, mass merchants, and department stores in the United States, with a significant concentration in Wal-Mart. Indeed, as of August 2006, Maran estimated that Wal-Mart would represent approximately 50.8% of Maran's total 2006 gross sales and 56.4% of 2007 gross sales.[5,6] As of 2006, a significant portion of Maran's business revolved around this relationship, and the company considered its role supplying private label denim to Wal-Mart to be "the cornerstone" of Maran's success.[7]

[4] MHP 11/30/06 Report (Exhibit 71) (p. 12).
[5] MHP 11/30/06 Report (Exhibit 71) (p. 16).
[6] After Wal-Mart, Maran anticipated that its next biggest customers for 2006 would be Kmart, TJ Maxx and Charming Shoppes/Lane Bryant, each of which represented less than 7% of 2006 sales. The vast majority of Maran's other customers purchased less than $2 million worth of products in fiscal year 2006 and each represented less than 2% of its 2006 sales. (MHP 11/30/06 Report (Exhibit 71) (p. 16)).
[7] Maran, Inc. Confidential Information Memorandum dated August 2006 (Exhibit 47) (p. 5).

Although Maran produced branded products through its Squeeze™ brand as well as more recent Sally Mack™, D-Jeans™ and Blue Spice™ labels, the majority of Maran's sales consisted of private label products. [8,9,10]

Private label products are those produced for a specific retailer, where the retailer owns the brand and the apparel company provides the product. Since the apparel providers do not own the brand, the apparel providers' ability to maintain these sales is more tenuous as the retailer can switch suppliers for a variety of reasons. Owners of branded products are typically able to sell their products at higher price points versus private label products based on the strength of the brand. In addition, according to David Greenberg (Maran's CEO and one of the selling shareholders), the profit margin for premium branded jeans is significantly higher than that for private label jeans.[11] Richard Huang (Maran's CFO and the other selling shareholder) also agreed that Maran's margins on its branded products were generally higher than on its private label products.[12]

Industry analysts also noted that companies focused on private-label, which represented more than 65% of Maran's sales in 2006, have lower value than branded apparel.[13] Prior to the Valuation Date, an analyst noted that "Private label apparel production is highly competitive and as a result margins are thin. Business is open to competitive bid and the cheapest bid wins. Furthermore, it's a middleman business and more retailers are going direct or through agents in Asia, so margins are under even more pressure."[14]

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[8] Sally Mack™ was introduced by Maran in 2003. D-Jeans™ and Blue Spice™ both introduced in 2006 (MHP 11/30/06 Report (Exhibit 71) (p. 9).
[9] Maran, Inc. Confidential Information Memorandum dated August 2006 (Exhibit 47) (pp. 13-16).
[10] MHP 11/30/06 Report (Exhibit 71) (p. 8).
[11] Deposition of David Greenberg dated September 23, 2014 (pp. 172-173).
[12] Deposition of Richard Huang dated September 25, 2014 (pp. 45-46).
[13] MHP 11/30/06 Report (Exhibit 71) (p. 8); "Industry Update: Keeping Up with the Joneses. Our Thoughts on Consolidation in the Apparel & Footwear Sector" Prudential Equity Group, LLC Analyst Report dated June 19, 2006.
[14] "Industry Update: Keeping Up with the Joneses. Our Thoughts on Consolidation in the Apparel & Footwear Sector" Prudential Equity Group, LLC Analyst Report dated June 19, 2006.

General Economic Environment and Apparel Industry

As part of my examination of MHP's valuation as well as my own assessment of the value of the Interest, I reviewed the general economic conditions in the United States as of November 30, 2006 based on contemporaneous data. According to Blue Chip Economic Indicators' November 10, 2006 survey, the consensus forecast for U.S. real GDP growth was reduced to 3.3% for calendar year 2006 after real GDP grew at a "slower-than-expected clip of 1.6% in Q3, the poorest performance since Q1 2003."[15] As of November 2006, GDP was forecast to grow at a year-over-year rate of 2.5% in 2007, a slowdown from 2006 levels of growth. The consensus forecast also predicted that job growth would "slow in coming quarters" pushing unemployment to 5.0% by the end of 2007.[16]

As of November 2006, although monthly sales at apparel stores were up 3.0%, total retail sales fell 0.4% in September month-over-month, fueled by a significant decline in sales at gasoline stations. Analysts predicted that total retail sales in October 2006 would be up "a modest 0.1%-0.2%" relative to September 2006.[17] Monthly manufacturing output fell 0.3% in September, hurt by a 2.6% drop in output by producers of motor vehicle products and a 2.4% decline in the output of appliances and furniture. Real residential investment was "widely expected to remain a net drag on growth" through 2007 as total housing starts were forecasted to fall to 1.62 million in 2007 from an estimated 1.84 million in 2006 and 2.07 million in 2005.[18] Further, in the "very near-term", analysts expected that economic growth would "likely… remain constrained by excess inventories of homes, housing related durable goods and motor vehicles."[19]

[15] Randall E. Moore, "Blue Chip Economic Indicators" – November 10, 2006. In preparing this publication, Blue Chip notes that its "Forecasts of U.S. economic activity are collected from more than 50 leading business economists each month."
[16] Randall E. Moore, "Blue Chip Economic Indicators" – November 10, 2006.
[17] Ibid.
[18] Ibid.
[19] Ibid.

As of the Valuation Date, the U.S. apparel industry was an "inherently low-growth industry with relatively stable demand, driven primarily by population growth."[20] Prudential Equity estimated that sales growth in the apparel category grew at a compound annual growth rate of 1.5% during the ten years leading into 2006, with unit growth in this period below 3%. Given the mature nature of the industry, Prudential felt that a strong economy or a hot fashion trend could drive growth a few points above the average during a given year but that a "year of explosive growth is unlikely, and unprecedented."[21] Similarly, as of the Valuation Date, market research firm Datamonitor estimated that the U.S. womenswear market had grown at an annual rate of 1.8% over the five years ending 2005 and expected the market to grow at an average annual rate of 2.6% through 2010.[22]

In contrast to Datamonitor's forecast of slow, stable growth, in November of 2006, Morgan Stanley forecast that the current environment would prove to be "the final stages of a multi-year margin bubble in the US apparel industry." Predicting that this bubble would soon "deflate", Morgan Stanley noted its expectation that sales would "decelerate by 4%" and that margins were "nearing peak for the industry overall" and would "compress by 150-200 bp for the industry by the end of 2008."[23]

<u>The Transaction</u>

On November 29, 2006, Maran reincorporated under the laws of the state of Delaware and retired all existing shares of treasury stock in preparation for implementing an ESOP. Maran authorized the issuance of 49,000 shares of Class B ESOP convertible preferred stock ("Maran Preferred Stock"), which represented 49% of the company's equity.[24] An ESOP trust ("the Trust") was formed and on November 30, 2006, it purchased the entire Interest of 49,000 shares

[20] "Industry Update: Keeping Up with the Joneses. Our Thoughts on Consolidation in the Apparel & Footwear Sector" Prudential Equity Group, LLC Analyst Report dated June 19, 2006.
[21] "Industry Update: Keeping Up with the Joneses. Our Thoughts on Consolidation in the Apparel & Footwear Sector" Prudential Equity Group, LLC Analyst Report dated June 19, 2006.
[22] Datamonitor: Chapter 1: Womenswear in the United States, 11/29/06, p.1.
[23] "Branded Apparel Margin Bubble to Deflate: Initiate with Cautious View" Morgan Stanley Analyst Report dated November 28, 2006.
[24] Maran and Subsidiaries Audited Financial Statements dated August 31, 2007 (p. 12).

of the new Maran Preferred Stock for $70,961,000.[25]

In connection with the Transaction, FBTS was retained as the independent trustee of the ESOP. MHP was engaged by FBTS to determine the Fair Market Value ("FMV") of the Interest and to provide a fairness opinion in connection with the ESOP transaction described above.[26]

The Maran Preferred Stock purchased by the ESOP entitled the ESOP to cumulative annual dividends computed as 10% of the purchase price of the shares of Maran Preferred Stock.[27] The right to receive this dividend was scheduled to end eight years following the Transaction, or after the total cumulative dividend had been paid.[28] Each share of Maran Preferred Stock was non-voting and designed to be convertible into one share of Maran common stock at the option of the Company.[29] If the Maran Preferred Stock was converted to common stock, the holder would not have any rights to the future fixed dividend stream.[30] The Maran Preferred Stock could only be held by the ESOP and would automatically convert to common stock if transferred outside of the Trust.[31]

<u>The Valuation</u>

Prior to being retained by FBTS in connection with the ESOP transaction, MHP was retained by David Greenberg and Richard Huang (Maran's CEO and CFO, respectively, and the individuals from whom the ESOP purchased the Interest), in their capacity as members of the Committee for the Formation of the Maran, Inc. ESOP, to provide a valuation in connection with an ESOP feasibility study.[32] MHP referred to this valuation report dated October 4, 2006 as a "Restricted Valuation of Maran, Inc."[33] At the time it retained MHP, FBTS was unaware of this report or

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[25] Maran and Subsidiaries Audited Financial Statements dated August 31, 2007 (p. 14).
[26] MHP 11/30/06 Report (Exhibit 71) (p. 1).
[27] MHP 11/30/06 Report (Exhibit 71) (p. 7).
[28] MHP 11/30/06 Report (Exhibit 71) (p. 80).
[29] Maran and Subsidiaries Audited Financial Statements dated August 31, 2007 (p. 14).
[30] Amended and Restated Certificate of Incorporation of Maran, Inc. Article IV Section 3(c)(ii) and (f)(i) (pp. 3,6)
[31] Amended and Restated Certificate of Incorporation of Maran, Inc. Article IV Section 3(a) (p. 2).
[32] Deposition of Maureen Cosgrove dated May 29, 2014 (p. 34); Deposition of Kenneth Pia dated May 12, 2014 (pp. 51-53).
[33] The report was dated October 4, 2006 but the valuation date was at or near August 31, 2006 (Exhibit 68).

the fact that MHP had performed an initial valuation for Greenberg and Huang.[34] This valuation reached a conclusion of a $70,961,000 value for the Interest, which is the exact same value of the Interest at which the Transaction was later consummated.

MHP subsequently issued a report for FBTS (the "MHP 11/30/06 Report") opining that the FMV of 49,000 Class B Preferred Shares as of November 30, 2006 was "best described as between a low of Sixty-Five Million Dollars ($65,000,000) and a high of Seventy-Three Million Dollars ($73,000,000)."[35] As such, a proposed transaction price of $70,961,000 fell within the range of value for the Interest estimated by MHP and MHP concluded: "The terms and conditions of the overall Transaction are fair to the ESOP from a financial point of view."[36] The MHP 11/30/06 Report, which it produced for FBTS, is the focus of my first opinion.

In its 11/30/06 Report, MHP utilized two standard valuation approaches to determine the FMV for Maran and the Interest: the Discounted Cash Flow ("DCF") Approach, an earnings-based approach, and the Guideline Company Approach, a market-based approach.[37] Another common approach to valuing a going concern business is the Market Transaction Approach, a market-based approach that generally considers the valuation multiples realized in recent transactions in the subject company's industry. Although MHP explains in the MHP 11/30/06 Report that transaction data can be acquired from several publicly available sources, MHP does not appear to have considered utilizing the Market Transaction Approach in its valuation of Maran.[38]

The Discounted Cash Flow Approach determines a value for a company based on the present value of the cash flows that the company is expected to generate in the future. The DCF is generally comprised of four steps: 1) Estimation of future cash flows for a certain discrete projection period; 2) Estimation of the present value of those cash flows by discounting them to

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[34] Deposition of Kimberly Serbin dated June 25, 2014 (pp. 88-90).
[35] MHP 11/30/06 Report (Exhibit 71) (p. 5).
[36] Fairness Opinion Letter from MHP to First Bankers Trust Services Inc., Trustee (Exhibit 58) (p. 4).
[37] On page 4 of the MHP 11/30/06 Report (Exhibit 71), MHP introduces the Guideline Company Approach as the "guideline public company method." Throughout the MHP 11/30/06 Report, MHP also refers to this method as the "guideline company method" and the "guideline company approach." I refer to this method as the Guideline Company Approach throughout the duration of my report.
[38] MHP 11/30/06 Report (Exhibit 71) (p. 54).

the present using a rate of return – referred to as a discount rate – that considers the relative risk of achieving the cash flows and the time value of money; 3) Estimation of cash flows subsequent to the discrete projection period and into perpetuity (referred to as the "terminal value" or "residual value"); and 4) Summation of the present value of the residual cash flows with the present value of the discrete projection period cash flows.

The discount rate used in a DCF analysis is typically determined based on a Weighted Average Cost of Capital ("WACC"). The WACC is comprised of the estimated cost of a company's equity as well as the estimated cost of debt. The cost of equity is the rate of return required by equity investors to invest in a particular business, whereas the cost of debt is the rate required for lenders to lend to a business. The WACC is calculated using the following formula:

WACC = Ke x (% equity) + Kd x (% debt)

where:

Ke = required rate of return on equity capital
Kd = required rate of return on debt capital
% equity = the proportion of equity to total capital
% debt = the proportion of debt to total capital

The Guideline Company Approach indicates an estimate of the FMV of a company by comparing it to publicly traded companies in similar lines of business. In this case, an analysis of the market multiples of companies in the apparel industry – that is, the ratio between the companies' market values and various of their financial metrics, such as revenue or profits – indicates investors' valuations of companies in this industry and, therefore provides an indication of the FMV of Maran.

The Market Transaction Approach indicates the FMV of a business or the assets of a business by comparing it to other similar companies recently purchased. Considerations such as time of sale

are analyzed and evaluated. An analysis of the market multiples of companies in the apparel industry indicates investors' valuations of companies in this industry and, therefore, an indication of the FMV of Maran.

MHP DCF Approach

As explained above, the DCF Approach derives value by calculating the present value of the expected future cash flows. In conducting its DCF Approach, MHP adopted, without any adjustment, projections of future sales and profitability prepared by Richard Huang.[39,40] The projections MHP utilized forecasted sales growth of 19.4% for fiscal year 2007 and subsequent sales growth "in the range of approximately 12 percent for the following four years of the forecast."[41,42] The projections also reflected increasing profit margins over the course of the projections.[43] As part of its DCF, MHP forecast debt-free net cash flows for the 2007-2011 period, and discounted these projected cash flows utilizing a discount rate based on a WACC of 15.7% to arrive at a "Low End" value for the Company and a WACC of 14.3% to arrive at a "High End" value for Maran.[44]

A terminal, or residual, value was then added to the present value of these discrete forecast cash flows. MHP utilized a 3% terminal growth rate assumption in determining the terminal value of the Company under both its Low End and High End scenarios. This calculation resulted in a Low End market value of invested capital ("MVIC"), or the firm's total capital, under the DCF of $97.7 million and a High End market value of invested capital of $110.3 million.[45]

MHP Guideline Company Approach

MHP explained that it "began the guideline company analysis by selecting companies that offered similar products to Maran."[46] MHP selected Blue Holdings, Inc., Guess? Inc. and True

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[39] Mr. Huang confirms that he created and provided the projections utilized in the MHP 11/30/06 Report (Exhibit 71)(Deposition of Richard Huang dated September 25, 2014, pp. 207-208).
[40] Deposition of Maureen Cosgrove dated May 29, 2014, (pp. 144-145); Exhibit 113.
[41] MHP 11/30/06 Report (Exhibit 71) (p. 59).
[42] MHP 11/30/06 Report (Exhibit 71) (p. 56).
[43] MHP 11/30/06 Report (Exhibit 71) (p. 58).
[44] MHP 11/30/06 Report (Exhibit 71) (p. 65).
[45] MHP 11/30/06 Report (Exhibit 71) (pp. 67-68).

Religion Apparel, Inc. as its three guideline companies.[47] MHP then calculated the ratio (or multiple) of MVIC to selected measures of the earnings of the guideline companies. MHP utilized a multiple of MVIC to earnings before interest, taxes, depreciation and amortization ("EBITDA") as well as the ratio of MVIC to earnings before interest and taxes ("EBIT") for each of the three selected guideline companies.[48]

MHP selected the median value of the three companies for each of these calculations and then applied a 30% and 20% discount to the median calculation to determine a Low End and High End range of applicable EBITDA and EBIT multiples.[49] In applying these discounts, MHP notes: "If Maran were publicly traded, one would expect that the applicable multiple would be in this range. However, Maran is privately-held and as such an adjustment to the market multiple is necessary."[50] MHP's discount adjustment to its selected guideline company multiples, it said, "considers the size of the company in terms of MVIC, the amount of growth being priced in the stocks, and the management depth of the public companies in contrast to that of Maran."[51] As such, MHP applies these discounts to the guideline company multiples to reflect differences between these generally larger, more diversified public companies and Maran.

After applying the discounted guideline company multiples to Maran's financial metrics, MHP derived an MVIC for Maran of between \$103.4 million and \$118.8 million under the Guideline Company Approach.[52]

MHP Valuation of the Interest

From its range of MVIC values derived in both its DCF and Guideline Company Approaches, MHP subtracted \$80,000 of "interest bearing debt" and added \$5.5 million of "excess working capital" to the Low End and High End values to arrive at a "Market Value of Equity Before

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[46] MHP 11/30/06 Report (Exhibit 71) (p. 70).
[47] MHP 11/30/06 Report (Exhibit 71) (pp. 70-71).
[48] MHP 11/30/06 Report (Exhibit 71) (p. 71).
[49] MHP 11/30/06 Report (Exhibit 71) (p. 72).
[50] MHP 11/30/06 Report (Exhibit 71) (p.71).
[51] MHP 11/30/06 Report (Exhibit 71) (pp. 71-72).
[52] MHP 11/30/06 Report (Exhibit 71) (p. 78).

Dividends."[53] These adjustments resulted in a range of Market Value of Equity Before Dividends of $103.1 million to $115.7 million for MHP's DCF calculation and $108.8 to $124.3 million for MHP's Guideline Company Approach.[54] MHP averaged the values of the two selected valuation approaches to calculate MHP's "Reconciled Value of Market Value of Preferred and Common Equity" range of $106.0 million to $120.0 million.[55] This range reflects MHP's estimated equity value for the entire company.

In order to calculate the FMV of the Interest, MHP added the dividends promised to the underlying preferred shares that comprised the Interest. The Maran Preferred Stock was scheduled to receive cumulative annual dividends computed as 10% of the Transaction price for eight years following the transaction, or until the total contemplated dividend was paid. MHP calculated the present value of the anticipated dividends attributable to the Class B ESOP Convertible Preferred Stock using a 12% discount rate to discount the projected dividends back to its present value at the time of the Valuation Date.[56] MHP calculated the present value of the preferred dividends at both the low and high ends of their calculated range of value.

MHP then subtracted the present value of the dividend stream from MHP's Reconciled Market Value of Equity (the equity value for the entire company) in order to determine the market value of equity available to preferred and common shareholders of the Company.[57] In this situation, the value of all equity in the company would exclude the preferred stock's dividend stream because the dividend stream is already promised to the ESOP from the Company and is therefore unavailable as equity for any other investor.

MHP then multiplied the total remaining calculated equity available to both preferred and common shareholders by 49% and added back the total calculated present value of the preferred dividends to arrive at the marketable value of the Maran Preferred Stock. Finally, MHP applied a 5% discount for lack of marketability to this amount and concluded that the "Fair Market Value

[53] MHP 11/30/06 Report (Exhibit 71) (pp. 69, 78).
[54] Ibid.
[55] MHP 11/30/06 Report (Exhibit 71) (p. 79).
[56] MHP 11/30/06 Report (Exhibit 71) (pp. 81-82).
[57] MHP 11/30/06 Report (Exhibit 71) (pp. 86-87).

of Class B Preferred Shares" as of November 30, 2006 was within the range of $65.0 million to $73.0 million, or $1,326.53 to $1,489.80 per share.[58] MHP compared its calculated range of value to the transaction price of $70,961,000, or $1,448.18 per share, concluding that the actual transaction value fell within the valuation range as calculated by MHP.[59]

V. The MHP valuation of Maran as of November 30, 2006 is flawed and leads to a significant overvaluation of the Interest

The MHP 11/30/06 Report contains numerous flawed assumptions, each of which individually leads to a higher calculated value of the Interest than the actual FMV of the Interest as of the Valuation Date. I highlight and discuss some of the more significant MHP errors below.

MHP Error #1: Incorrect Debt Assumptions

When determining the equity value of a company or interest by starting with the value of the firm's total capital, or MVIC, it is necessary to reduce the MVIC by the company's interest bearing debt to arrive at a value of the Company's total equity. As previously noted, after determining MVIC values for Maran under both the DCF and Guideline Company Approaches, MHP subtracted only $80,000 of interest bearing debt, among other adjustments, to arrive at a value of the total equity of the Company.[60] This $80,000 figure matches the combination of the line items "current portion of capital lease" and "capital lease obligations, net of current portion" that are listed in the liabilities section of the August 30, 2006 Maran balance sheet that MHP recreates in the MHP 11/30/06 Report.[61]

Listed on this same balance sheet under the liabilities section is a line item for another category of liability: a "line of credit" which totals $5.5 million, and for which MHP apparently fails to account.[62,63] Maran's actual audited balance sheet as of August 31, 2006 refers to this same $5.5

[58] MHP 11/30/06 Report (Exhibit 71) (p. 86).
[59] MHP 11/30/06 Report (Exhibit 71) (p. 87).
[60] MHP 11/30/06 Report (Exhibit 71) (pp. 69, 78).
[61] MHP 11/30/06 Report (Exhibit 71) (p. 21).
[62] MHP 11/30/06 Report (Exhibit 71) (p. 21).

million liability as "Loans Payable – Bank."[64,65] This same $5.5 million liability is listed as existing at both August 30, 2005 and 2006.[66,67] In addition, a Maran monthly balance sheet schedule shows Maran had total debt of $8.88 million and $7.08 million for September 2006 and October 2006, respectively.[68] MHP should have reduced its MVIC value by the $7.08 million of debt (the closest, available liability balance prior to the Valuation Date), and not merely $80,000, in determining a total equity value of Maran.[69] This understatement of Maran's debt leads to an overvaluation of the Interest.

Correcting this error alone would, with no other corrections to MHP's other calculations from the MHP 11/30/06 Report, result in a value of the Interest that is lower than MHP's estimation of the value of the Interest by $3.7 million to $4.3 million as of the Valuation Date. See Exhibit 4 to my report for additional details.

<u>MHP Error #2: Incorrect Working Capital Assumptions</u>

Working capital is broadly defined as the difference between the current assets and current liabilities of a business, with current assets including items such as accounts receivable and inventory and current liabilities including categories such as accounts payable and accrued expenses. Working capital represents an investment in the ongoing operations of the business and reflects a company's business practices such as providing its customers products based on credit (which generates accounts receivable) rather than requiring cash payments immediately upon delivery of the goods as well as keeping inventory on hand in order to improve delivery times to customers. Though working capital needs are specific to the company being assessed, working capital levels generally move in line with a company's change in sales. Thus, as a

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[63] Interestingly, in the valuation of Maran that MHP conducts one month later (December 31, 2006), MHP does subtract the line of credit debt from MVIC when determined the equity value of Maran (MHP 12/31/06 Report (pp. 64, 19)).

[64] Maran, Inc. and Subsidiaries Year Ended August 31, 2006 audited financial statements (p. 3).

[65] Note 4 to Maran, Inc. and Subsidiaries Year Ended August 31, 2006 audited financial statements notes that Maran (and its subsidiaries) are "indebted to the commercial banks for $5,500,000 as short term borrowings under the line of credit." (p. 10).

[66] Maran, Inc. and Subsidiaries Year Ended August 31, 2006 and August 31, 2005 audited financial statements; MHP 11/30/06 Report (Exhibit 71) (p. 21).

[67] Maran's 2006 Tax Returns also show total debt of $5.542 million as of September 1, 2006 (p.4).

[68] Maran month-end balance sheets for the period September 2006 through February 2007.

[69] On page 3 of the MHP 11/30/06 Report (Exhibit 71), MHP cites the October 2006 financial statements as something it considered in forming its opinion.

company grows, it usually needs to invest in, or increase, its levels of working capital. Conversely, as a company's sales decline, it is often able to free-up some portion of this working capital.

Excess working capital is the concept that a company is holding more current assets relative to current liabilities than it needs to operate the business. In order for excess working capital to add to the value of the business, there must be an ability to either directly monetize this excess net asset or change the nature of the company's practices to operate at lower working capital levels going forward, thereby freeing up this excess capital that has historically been invested in the business.

As part of its calculations, MHP concluded that Maran had $5.5M of "excess" working capital and added this figure to the value that it derived.[70] MHP indicated that its determination of this "excess" working capital was "Based on our analysis of the Company's financial ratios and their historical needs."[71] As part of its DCF calculation, MHP also concluded that, going forward, Maran's working capital needs in future years would amount to 10% of its projected revenue for each year, a rate that MHP claimed to have derived from Maran's "historical percentage of working capital to revenues of 10.0 percent."[72] Both of these conclusions are flawed and led to an overvaluation of the Interest.

First, MHP improperly derived its $5.5 million excess working capital figure by comparing various working capital-related ratios for Maran to data from Risk Management Association ("RMA") Annual Statement Studies.[73] MHP noted that the discrepancy between Maran's ratios and those from the companies included in the RMA studies "is an indication of the potential presence of excess working capital."[74] RMA, however, is a "member-driven professional organization" that relies on voluntary sampling of data aggregated by industry that is provided by

[70] MHP 11/30/06 Report (Exhibit 71) (pp. 69, 78).
[71] MHP 11/30/06 Report (Exhibit 71) (p. 19).
[72]MHP 11/30/06 Report (Exhibit 71) (p. 57).
[73] MHP does not provide a detailed calculation of how it determined the specific $5.5M figure in the MHP 11/30/06 Report (Exhibit 71); Deposition of Maureen Cosgrove, dated May 29, 2014 (pp. 167-169).
[74] MHP 11/30/06 Report (Exhibit 71) (pp. 37-38).

anonymous sources.[75] The specific nature of these companies is not at all visible to someone, such as MHP, that relies on the data, which makes it much less useful than using Maran's actual historical experience or that of publicly-traded guideline companies whose operations and focus are more visible to the valuation analyst.[76] Even RMA itself "does not recommend using the Annual Statement Studies: Financial Ratio Benchmarks figures as absolute norms for a given industry. Rather, you should use the figures only as general guidelines and as a supplement to the other methods of financial analysis."[77]

Even if RMA was an acceptable source from which to derive a potential assessment of a company's excess working capital, MHP's decision to add this comparative ratio derived "excess" working capital to the value of the Company is unfounded. As explained, excess working capital can be used to increase the value of company if the buyer can make the company more efficient and thereby keep that excess capital for itself. MHP assumes that, with no apparent plan in place, Maran will suddenly be able to shift from its current level of working capital to an "industry" level. The problem with this approach is that Maran may have different working capital requirements than an "industry" average. There are certainly instances when an experienced purchaser of a business can come in and make improvements in working capital, but this ESOP formation transaction does not fit this scenario, as the same management team that was running Maran pre-formation would be in a position of control and running the Company post-formation.

Second, MHP's flawed assumptions on "excess" working capital extend beyond the $5.5 million figure that it arbitrarily adds to the value of Maran. MHP also assumes in its DCF Approach that Maran will only need to make a working capital investment equal to 10% of the growth in

[75] RMA Annual Statement Studies Financial Ratio Benchmarks 2005-2006 (pp. 4,10, 316-321).
[76] It is not clear that the RMA data MHP utilizes is reflective of the specific industry in which Maran operates. MHP references SIC code 2339: Women's, Misses and Junior Outwear, Not elsewhere classified (MHP 11/30/06 Report (Exhibit 71), p. 34). It is not fully apparent that this SIC code is the correct code for Maran's business and even if it was, RMA does not appear to present data solely for this SIC code, but rather aggregates it with several other varying codes. See *2005-2006 Annual Statement Studies: Financial Ratio Benchmarks* pages 316-321.
[77] Risk Management Association, *Annual Statement Studies: Financial Ratio Benchmarks*, 2008 and 2009 edition, (p. 11).

revenues, a level that is substantially lower than what Maran had historically experienced.[78] On page 57 of the MHP 11/30/06 Report, MHP states that in projecting working capital for the DCF approach: "We used the historical percentage of working capital to revenues of 10 percent." Yet the MHP 11/30/06 Report shows that the ratio of Maran's working capital to sales for each of the five fiscal years leading up to the valuation date ranged from 17.3% to 28.5%, and averaged 23.4%, far higher than 10%.[79,80]

In his deposition, Kenneth Pia, the head of the MHP's valuation team and overseer of MHP's valuation of Maran, was unable to explain this discrepancy.[81] Maureen Cosgrove, a Managing Director at MHP who signed the MHP 11/30/06 Report, was also unable to reconcile the 10% that MHP relied on to actual historical figures. Ultimately, Ms. Cosgrove admitted, "I don't know what basis that was on" when asked about the 10% working capital conclusion.[82] Ms. Cosgrove acknowledged that, if the median of the historical working capital percentages per page 35 of the MHP 11/30/06 Report (which averaged 23.4% of sales) were instead used to calculate working capital, "Cash flows would have been lower." thus reducing MHP's conclusion of value.[83]

I re-calculated MHP's computations but excluded MHP's improper add-back of "excess" working capital and assumed a rate of working capital investment of 20% of the growth in Maran's revenues (which is more consistent with the Company's historical levels).[84] Correcting

[78] Even if MHP were able to justify moving to some sort of industry average working capital investment, this investment of 10% of sales is significantly below the average of the three guideline companies that MHP chose to rely on for its other valuation calculations (MHP 11/30/06 Report (Exhibit 71), p. 73). Interestingly, the average working capital to sales ratio of MHP's three guideline companies is 25% - the same historical average as Maran's actual experience and 2.5 times the rate of investment that MHP utilizes in its DCF analysis. As Ms. Cosgrove noted in her deposition, the use of a lower working capital investment, all else equal, results in a higher level of projected cash flow and a higher valuation (Deposition of Maureen Cosgrove, dated May 29, 2014, pp.157-158).
[79] MHP 11/30/06 Report (Exhibit 71) (p. 35)
[80] If you adjust working capital to remove cash and short term debt, an approach undertaken by many valuation analysts, based on the data on pages 20, 21 and 25 of the MHP 11/30/06 Report, working capital averaged 25% for Maran over the last five years.
[81] Deposition of Kenneth J. Pia, Jr. dated May 12, 2014 (pp. 162-166).
[82] Deposition of Maureen S. Cosgrove dated May 29, 2014 (p. 157).
[83] Deposition of Maureen S. Cosgrove dated May 29, 2014 (p. 158).
[84] It is interesting to note that Maran had $5.5 million drawn on its line of credit debt facility as of the balance sheet that MHP utilizes (MHP 11/30/06 Report (Exhibit 71), p. 21). If Maran truly had excess working capital, it is

these two errors alone, while holding MHP's other calculation assumptions constant, resulted in a valuation of the Interest that is $8.1 to $8.2 million lower than MHP's determination as of the Valuation Date. I present additional details of these calculations in Exhibit 5 of this report.

MHP Error #3: Lack of Minority Discount

The Interest that MHP valued was a 49% preferred interest in Maran, which represents a minority interest in the Company. When determining the value of a minority interest by valuing the entire company, as MHP did, it is common practice to consider the application of a minority discount to the controlling value of equity determined under standard valuation approaches. In fact, on page 83 of the MHP 11/30/06 Report, MHP noted that: "In valuing an interest of less than 100 percent, it may be appropriate to apply a discount to the ratable value in order to recognize the various disadvantages inherent in an ownership position with less than 100% control. The value of the control of a company is in large part due to the ability to control the cash flows of a company."[85,86] Nevertheless, MHP improperly failed to apply a minority-interest discount in its valuation of the Interest.

MHP attempts to justify why it did not apply a minority discount in assessing the value of the Interest, citing factors such as: that they developed their opinion "using cash flows available to a minority shareholder," that the Class B shareholders had a "right to receive a 10.0 percent annual dividend" and "the legal protection afforded the Class B shareholders."[87]

With respect to its first rationale for declining to apply a minority interest discount, MHP provides no support for its assertion that the cash flows it utilizes are those available to a minority shareholder. To the contrary, given the ownership structure post transaction, the selling shareholders with their 51% interest are in control of the Company and have the ability to make

surprising that they would borrow money to finance this "excess" working capital investment, thus incurring interest charges and lowering the net cash flows of the business.

[85] MHP 11/30/06 Report (Exhibit 71) (p. 83).

[86] MHP's discussion comports with Pratt, who writes in *Valuing a Business*, 5th edition: "Generally, if the inputs in the valuation model reflect changes that only a control owner would (or could) make (e.g. changed capital structure, reduced owner's compensation, and so on), then the model would be expected to produce a control value." (p. 228), yet MHP fails account for this in its analysis. Pratt later notes that: "If a noncontrolling interest is being valued, both lack of control and lack of marketability discounts should be considered." (p. 323).

[87] MHP 11/30/06 Report (Exhibit 71) (p. 83).

decisions about the strategy and direction of Maran with no input from the ESOP Trust because the Interest is a non-voting interest.

As to the notion that the ESOP's right to an annual dividend is a reason not to apply any minority interest discount, while a dividend right, all else equal, can potentially have a dampening effect on the level of minority discount one would apply to the Interest, this is somewhat offset by the fact that the Class B preferred stock cannot be sold to another party outside of the ESOP.[88] If the Interest were transferred, it would automatically convert to common stock and would no longer have the right to the remaining scheduled, discrete dividend stream.[89] In addition, the Interest is scheduled, but not guaranteed, to receive an annual dividend for only the first eight years post Transaction; any dividends subsequent to this eight year period are at the discretion of the majority shareholders.[90] MHP's valuation reflects its estimate of the entire value of the business into perpetuity and not just the first eight years of operations subsequent to the proposed sale.

With respect to the "legal protections" for the Class B shareholders which MHP cites, while not fully clear, I presume this is a reference to the Limitation Agreement dated November 30, 2006 among Maran, FBTS and the Trust.[91] This agreement places limits on the annual compensation that can be paid to Messrs. Greenberg and Huang and is in place for five years. A buyer in a FMV scenario is not paying for five years of cash flows, but rather, the entire business which is presumed to exist beyond five years. All else equal, this short-term limitation on the compensation of the majority shareholder serves as a mitigating factor in assessing the appropriate level of a minority discount but does not necessarily alleviate the need for a discount.[92]

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[88] As explained above, the Maran Preferred Stock could only be held by the ESOP and would automatically convert to common stock if transferred outside of the Trust. (Amended and Restated Certificate of Incorporation of Maran, Inc. Article IV Section 3(a), p. 2).

[89] Each share of Class B ESOP Convertible Preferred Stock was entitled to receive cumulative preferential dividends. (Amended and Restated Certificate of Incorporation of Maran, Inc. Article IV Section 3(c), p. 3). Per above, however, a transfer of the Class B stock out of the Trust would automatically convert the stock to common stock and thus it would no longer be entitled to the dividend stream.

[90] To the extent that this scheduled dividend is not paid within the contemplated eight year period, the Class B shareholders would still receive the accrued by unpaid dividend prior to other dividends being paid.

[91] Limitation Agreement (Exhibit 124) (p. 5).

[92] As discussed earlier in my report, a discounted cash flow approach involves assessing the value of the cash flows for both the discrete projection period and the terminal period. In this case, the discrete projection period is five

Given that the Interest being analyzed represented a minority position in Maran and the factors regarding the Interest that I discuss above, MHP should have applied a minority discount to its valuation in order to account for the ESOP trust's lack of control. MHP fails to do this and, thus, overvalues the Interest. To correct this error, I apply a conservative minority discount of 10% to the total equity value as determined by MHP under its DCF calculation.[93] I discuss the appropriateness of the modest level of this discount later in this report when I detail my own independent valuation analysis.

Accounting for this one correction, with no other adjustments to MHP's calculations, shows that MHP's range of value for the Interest was overstated by \$3.0 million to \$3.2 million as of the Valuation Date. Additional detail of this calculation can be found in Exhibit 6 of my report.

<u>MHP Error #4: Failing to Adequately Account for the Riskiness of Projected Cash Flows</u>

As previously discussed, the DCF Approach is a valuation technique in which the value of a business such as Maran is determined based on the present value of the estimated future cash flows of the business. MHP relies upon projections of future cash flows obtained from Richard Huang for use in its DCF analysis of Maran. Relying on management projections is a standard practice in the valuation industry; however, it is also standard to analyze those projections for reasonableness, and to challenge them if necessary. Maran's projections called for extremely robust growth, especially for a company operating in a mature industry, and were also heavily reliant on the continuing relationship with its majority customer, Wal-Mart.

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years, equal to the length of the compensation limitation period in the Limitation Agreement. The terminal value under MHP's DCF analysis reflects the projected cash flows for the years subsequent to the expiration of the compensation limitation period, and represents more than 60% of the total value under this approach. (MHP 11/30/06 Repoer (Exhibit 71))(pp. 67-68).

[93] I do not apply the minority discount to MHP's guideline approach as the value of the shares of these publicly traded companies generally represent exchanges between minority shareholders.

Table 2 – Maran Historical and Management Projected Growth

($ In Thousands)	2002	2003	2004	2005	2006	Average 2002-06	2007E	2008E	2009E	2010E	2011E	Average 2007-11
	For Years Ended August 31,											
Net Revenue	$83,193	$108,835	$76,848	$99,968	$102,386		$122,263	$137,711	$154,236	$173,304	$194,730	
Normalized EBITDA	$ 9,068	$ 17,817	$ 8,695	$13,965	$ 10,802		$ 15,090	$ 18,087	$ 21,081	$ 24,503	$ 27,816	
Revenue Growth	*n/a*	*30.8%*	*-29.4%*	*30.1%*	*2.4%*	*5.3%*	*19.4%*	*12.6%*	*12.0%*	*12.4%*	*12.4%*	*12.3%*
EBITDA Margin	*10.9%*	*16.4%*	*11.3%*	*14.0%*	*10.6%*	*12.6%*	*12.3%*	*13.1%*	*13.7%*	*14.1%*	*14.3%*	*13.5%*
EBITDA Growth	*n/a*	*96.5%*	*-51.2%*	*60.6%*	*-22.6%*	*4.5%*	*39.7%*	*19.9%*	*16.6%*	*16.2%*	*13.5%*	*16.5%*

Source: MHP 11/30/06 Report (Exhibits 16, 17 and 19)

As can be seen in the table above, management's forecasted results differ meaningful from Maran's recent history. Maran grew revenues at an average annual growth rate of 5.3% between 2002 and 2006. Going forward, Maran management projected average annual revenue growth of 13.7% from 2006 through 2011 and 12.3% throughout the forecasted period of 2007 to 2011. Management also did not project any declines in annual revenue, which was inconsistent with Maran's recent history.[94] Maran's forecast of sales growth was also significantly above general market trends; as referenced on page 9 of my report, DataMonitor projected an average annual growth rate for the womenswear market of 2.6%.

Maran management and MHP also assumed that Maran's margins would continue to increase over the course of the forecast used by MHP to value the Interest. Maran's average historical adjusted EBITDA margin was 12.6% of revenues over the 2002 to 2006 period, higher than the average of the most recent three years of Company results and higher than the margin of 10.6% for the Company's most recent fiscal year ended August 30, 2006.[95] Yet the Company was projecting Maran's EBITDA margin to increase every year of the forecast to a high point of 14.3% in the last year of the discrete projection period, 2011, and to average 13.5% over the course of the five year projected period.[96] The MHP 11/30/06 Report offers little discussion of how Maran management expected to achieve these projections and I am unaware of any meaningful support of this above trend growth.

[94] MHP 11/30/06 Report (Exhibit 71) (p. 57).
[95] MHP 11/30/06 Report (Exhibit 71) (p. 35).
[96] Calculation per MHP 11/30/06 Report (Exhibit 71) (p. 58-59).

Aside from the general riskiness of achieving the robust levels of growth in revenue and profits which the projections contemplated, there was specific underlying risk in Maran's business model as of the Valuation Date. Maran was heavily reliant on its relationship with Wal-Mart, with Wal-Mart expected to represent 56.4% of Maran's total sales in 2007, an increase over 2006 levels of 50.8% of total sales.[97] A company with high customer concentration is generally viewed as riskier than a more diversified company as the loss of this high volume customer or customers would have a disproportionate negative impact on the profitability and cash flows of a concentrated business relative to one with a large and diverse customer base. All other things equal, a willing buyer would generally pay a lower relative price for a company with a high customer concentration versus a company that had a larger, more diversified portfolio of customers.

This concentration risk is heightened at Maran as Wal-Mart was such a large company overall, and a large and growing presence in the apparel markets in which Maran operated. Wal-Mart had total annual sales of approximately $330 *billion*, dwarfing Maran's sales of $102.4 *million.*[98] This size differential highlights the power imbalance in this supplier/customer relationship. Maran was far more reliant on Wal-Mart than Wal-Mart was on Maran. Highlighting this, at a legal due diligence meeting with FBTS, Randolph Smith of Epstein Becker, FBTS's counsel in connection with the Transaction, is recorded as saying that "The Company needs Wal-Mart, more than Wal-Mart needs the Company."[99] Additionally, Wal-Mart's entire "everyday low prices" business model is dependent on driving down its costs – often through efficiencies wrung out of its supply chain; indeed, placing heavy pressure on suppliers was something for which Wal-Mart was infamous.[100] Furthermore, as Richrd Huang noted, Wal-Mart (as well as Target and Kmart) has: "more leverage to buy the product. That's what I mean, more tougher (sic)."[101] Indeed, David Greenberg described Wal-Mart as "very demanding and they were always looking for better product, cheaper product, more fashionable product…."[102]

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[97] MHP 11/30/06 Report (Exhibit 71) (p. 16).
[98] Wal-Mart's LTM sales as of its fiscal third quarter of 2006 per CapIQ database. Maran sales as of its fiscal year ended August 31, 2006.
[99] Minutes of November 21, 2006 legal due diligence call (Ex 155: DOL0000004043).
[100] "Is Wal-Mart Too Powerful?" *Bloomberg Business Magazine* dated October 5, 2003.
[101] Deposition of Richard Huang dated September 25, 2014, (p. 110).
[102] Deposition of David Greenberg dated September 23, 2014, (p. 43).

This customer pressure was not an abstract risk either, as Wal-Mart had already gone directly to denim manufacturers for some of its denim products and bypassed apparel wholesalers such as Maran. For example, even the MHP 11/30/06 Report stated that Wal-Mart had some success with sourcing basic denim products directly from suppliers.[103] Bloomberg also noted: "In recent years, Wal-Mart increasingly has sought additional cost advantages by bypassing middlemen and buying finished goods and raw materials from foreign manufacturers."[104] Morgan Stanley's apparel analyst also noted that "Wal-Mart exposure is always a risk" and that "Wal-Mart's apparel strategy is anything but stable,"[105] and Mr. Huang testified that Maran was always trying to diversify away from Wal-Mart.[106]

While any risk of a loss of business with Wal-Mart would obviously be the biggest concern for a potential willing buyer of Maran, this risk was also highlighted with Maran's second largest customer, Kmart. As MHP noted in the MHP 11/30/06 Report when discussing the forecast for 2007 sales: "The projected decrease in sales to Kmart was based on the intention of Kmart to source their own denim directly."[107,108]

Despite the risks associated with Maran's concentration in Wal-Mart, MHP failed to properly analyze the reasonableness of Mr. Huang's projections of sales and profits and incorporated them, without adjustment, into its valuation analysis. This use of unadjusted, aggressive projections leads to an overvaluation of the Interest as of the Valuation Date.

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[103] MHP 11/30/06 Report (Exhibit 71) (p. 9).
[104] "Is Wal-Mart Too Powerful?" *Bloomberg Business Magazine* dated October 5, 2003.
[105] "Branded Apparel Margin Bubble to Deflate: Initiate with Cautious View" Morgan Stanley Analyst Report dated November 28, 2006.
[106] Deposition of Richard Huang dated September 25, 2014 (p. 58).
[107] MHP 11/30/06 Report (Exhibit 71)(p. 16).
[108] MHP appears to indicate that after deciding to cut out Maran and go to direct sourcing, Kmart reversed course to some degree and was expected to "continue its relationship with" Maran going forward, though at what pace is unclear. Kmart was purchased by Sears and subsequent Maran customer data that I have reviewed appears to combine Maran's sales to Kmart with sales to Sears. This data indicates that 2007 sales to the combined Kmart / Sears were approximately 86% lower than 2006 combined sales.(MHP 11/30/06 Report (Exhibit 71), (p. 16); MHP 12/31/07 Report, p. 8)

MHP could have adopted management's projections, and yet accounted for the heightened risk associated with the robust growth and customer risk inherent in the projections by using a higher discount rate to reflect the elevated risk of the projections and the higher required return that a buyer would demand in order to purchase the business.[109] In calculating a discount rate for Maran, however, MHP made three errors that resulted in an unreasonably low discount rate relative to the risk of the Company's projected cash flows.

First, MHP did not appear to apply an adequate risk premium for Maran. As previously noted, to determine the discount rate for its DCF Approach, MHP uses a WACC methodology, which is the weighted average of the company's cost of equity and its cost of debt. MHP first uses the build-up approach to determine the cost of equity, which involves adding various risk premia to a base risk-free interest rate. One such potential risk premium, often referred to as the "company-specific" or "idiosyncratic" risk premium, can be utilized to compensate an investor for risks unique to the company being valued. MHP's build-up does not include an isolated company-specific risk premium, but instead applies a premium of between 2.0% to 4.0% that it refers to as "Other risk premium including industry risk" and which MHP indicates accounts for company specific risk.[110] MHP's combination of "industry risk" with "other risk" makes it impossible to assess what specific premium, if any, MHP applied to account for the company-specific risks posed by Maran, and the particular risk that the Company's robust management projections (which MHP adopted for its DCF Approach) would not come to fruition. In my opinion, the appropriate company-specific risk premium for the valuation of Maran as of the Valuation Date ranged from 3.0% to 4.0%.

Second, MHP understated the interest rate on Maran's debt. As previously described, a WACC is a blend of an estimate of a company's cost of equity as well as its cost of debt. MHP's assumed cost of debt for Maran of 5.0% appears to coincide with the effective interest rate on Maran's capital lease.[111] Again, MHP completely ignores Maran's line of credit facility, the interest rate on which varied from 1% below the prime rate to the prime rate, which equated to a

[109] All else equal, a higher discount rate will result in a lower value under a DCF analysis.
[110] MHP 11/30/06 Report (Exhibit 71) (pp. 60, 64).
[111] Maran, Inc. and Subsidiaries Year Ended August 31, 2006 audited financial statements and MHP 11/30/06 Report (Exhibit 71) (p. 65).

borrowing rate for Maran on this facility of 7.25% to 8.25% as of the Valuation Date.[112] MHP appears to have corrected its error in its December 31, 2006 valuation report for Maran ("MHP 12/31/06 Report"), where it used a weighted average interest rate of all of Maran's debt as of the valuation date, including capital leases, the line of credit (which MHP had previously ignored) and the seller notes (which the Company took on in connection with the Transaction). Applying this same MHP weighted average interest rate methodology as of the Valuation Date results in a cost of debt of 7.2% to 8.2% (or 44% to 64% higher than the rate which MHP utilized in its WACC).

Third, a WACC calculation requires weighting the required rates of return on an entity's debt and equity capital to determine an overall cost of capital. The relative weighting of the capital structure used in a WACC calculation – that is, the ratio of debt to capital – is a key determinant of the WACC because debt generally has a lower required rate of return than equity. Thus, increasing the proportion of debt relative to equity in an entity's capital structure will decrease its WACC, thereby increasing the overall valuation, all else equal. Here, MHP assumes a capital structure for Maran which is 70% equity and 30% debt. However, it provides no support for this critical assumption in its report.

When assessing the FMV of a company, it is typical to use an industry capital structure to represent how a willing buyer might elect to capitalize the company. Many analysts use the capital structure of their guideline companies as a proxy for this industry capital structure.[113] MHP's 30% debt to capital ratio does not appear to be based on its guideline companies, since MHP's own calculations on page 73 of the MHP 11/30/06 Report show that the average weighting of debt to equity capital for MHP's three guideline companies is less than 1%, far lower than the 30% debt to capital ratio that MHP utilized in its WACC.

Some analysts will also look to the capital structure of the subject company being valued to assess the capital structure for the WACC. MHP does not appear to do this as using MHP's

[112] Maran, Inc. and Subsidiaries Year Ended August 31, 2006 audited financial statements (p. 10); Fed Reserve Statistical Release dated December 4, 2006.
[113] Shannon P. Pratt, *Valuing a Business*, 5th ed., McGraw-Hill, 2008, p. 218.

$80,000 debt figure for Maran and its ultimate MVIC determination would also result in a debt to capital ratio of less than 1%.

By using an unsupported capital structure assumption that is more heavily weighted to debt than Maran's actual capital structure or industry debt levels (even according to MHP's own guideline companies), a cost of debt below Maran's actual cost of debt, and a cost of equity that does not appear to account for Maran's company-specific risk, MHP derives an artificially low WACC for Maran of 14.3% to 15.7% that fails to account for the higher risk of Maran achieving its robust projections, and which overvalues the Company and the Interest as of the Valuation Date.[114]

Correcting for these errors results in a discount rate range of 17.0% to 18.0%.[115] Applying this discount rate range of 17.0% to 18.0%, with no other significant changes to MHP's calculations, results in a value of the Interest that is $4.8 million to $6.2 million lower than MHP's indication of value as of the Valuation Date. Detailed support calculations are contained in Exhibit 7 to my report.

MHP Error #5: Failure to use correct Guideline Company Data

As discussed above, the Guideline Company Approach provides an indication of the value of a company by comparing it to publicly traded companies. A necessary step in undertaking the Guideline Company Approach is to gather data on the companies selected as guideline companies. Some significant elements in calculating the market valuation multiples of the guideline companies include the companies' contemporaneous stock prices, market capitalization and debt levels as well as the financial metrics from which the multiples will be calculated (e.g. EBITDA).

When conducting a valuation, particularly in connection with a transaction such as was contemplated for Maran, valuation analysts should attempt to use guideline company stock price data as close to a valuation date as possible. Indeed, when discussing the calculation of guideline

[114] The flawed mechanics and assumptions in MHP's discount rate calculation, namely its arbitrary capital structure assumption, leads to its determination of a lower than warranted discount rate range that MHP utilizes.
[115] I discuss the calculations underlying this 17.0-18.0% range in more detail when I discuss my valuation later in this report.

company multiples, Pratt in *Valuing a Business* states that: "all that is needed is the price for each guideline company's stock as of the valuation date."[116] Using contemporaneous stock price data is particularly important when new financial and operational results of the guideline companies have recently been released, as financial markets take this now public data and incorporate it into the collective view of the value of the business.

As previously discussed, the date of the Transaction and corresponding Valuation Date for the MHP 11/30/06 Report was November 30, 2006. Despite the November 30, 2006 valuation date, MHP relied on stock price data as of **October 31, 2006** for the three guideline companies it utilized in its Guideline Company Approach – True Religion, Inc., Guess, Inc., and Blue Holdings, Inc.[117] In this case, this one-month lag in pricing data is quite significant since the stock prices of True Religion and Blue Holdings fell 29.8% and 38.9% respectively between October 31, 2006 and November 30, 2006, with the average price decline across all three companies of 19.9%.[118,119]

Compounding the problem, MHP – despite using stock price data from October 31, 2006 for all three guideline companies – used financial data (such as EBITDA) from two of the three companies (Blue Holdings, Inc. and Guess, Inc.) that was released subsequent to the October 31, 2006 stock price date. This creates a mismatch between the stock price data used by MHP and the financial results for Blue Holdings and Guess. It also has the effect of inflating Blue Holdings' earnings based valuation multiples such as MVIC / EBITDA.[120]

Even if MHP had utilized the closing stock price for its guideline companies as of November 16, the day after the last of the three companies' earnings releases and two weeks before the valuation date, the stock prices of True Religion and Blue Holdings would have been 27.5% and

[116]Shannon P. Pratt, *Valuing a Business*, 5th ed., McGraw-Hill, 2008, p. 289.
[117] MHP 11/30/06 Report (Exhibit 71), p. 73.
[118] Bloomberg database.
[119] The price of Guess' stock increased 9.1% from October 31, 2006 to November 30, 2006.
[120] Since the results which Blue Holdings released in November 2006 included a decline in EBITDA for its quarter ended September 30, 2006 relative to its prior year quarter, when stock price is held constant instead of reflecting the actual stock price decline, the calculated multiple is artificially high.

43.2% lower, respectively, than what MHP selected.[121] In addition to a single, specific date, some analysts will also consider an average of the stock price in the month prior to the valuation date in order to smooth any day-to-day prices swings. Even considering this, the average of True Religion's stock price for November 2006 was 23.2% lower than the price which MHP used. Blue Holdings average price over this period was 37.4% lower than the price which MHP selected.[122] The use of this outdated stock price data improperly inflated the value of the pricing multiples which MHP used to value Maran, and hence led to MHP deriving an inflated value of Maran and the Interest under its Guideline Company Approach.

If the more current and readily available financial and market data for MHP's set of three guideline companies were utilized, the value of the Interest, generally assuming MHP's other valuation assumptions, would be $9.8 million to $10.9 million lower.[123] Additional detailed calculations related to this MHP error are provided in Exhibit 8 to my report.

<u>MHP Error #6: Guideline Company Selection and Application</u>

In conducting a Guideline Company Approach, it is important to use companies that have similarities to the subject company being valued. As of the Valuation Date, Maran sold what it called fashion basic denim as either a private label product or a lower price point branded product to discount retailers and mass market stores such as Wal-Mart and Kmart,[124] many of which primarily served shoppers with moderate or lower income.

The three guideline companies that MHP selected, however – Blue Holdings, True Religion and Guess, Inc. – all provide high-end and high price point branded denim products. The end consumers of these high-end products and the associated demand patterns are significantly different from the consumers purchasing products sold by Maran to retailers such as Wal-Mart. For example, True Religion jeans sold for approximately $170 to $300 a pair, Guess' average women's jean price was $103 a pair, and Blue Holdings' premium denim products sold for $100

[121] Bloomberg database.
[122] Bloomberg database.
[123] These figures reflect using the average stock price for November. If the 11/30/06 stock price were used, the overvaluation would be even larger.
[124] MHP 11/30/06 Report (Exhibit 71) (pp. 8-9).

to $400 a pair.[125] By contrast, the retail price point for a pair of Maran's Blue Spice branded jeans in 2006 was $39.99.[126]

In addition, according to David Greenberg, the profit margin for premium branded jeans is significantly higher than that of private label jeans.[127] This matches the experience of another denim provider that provides products under a private label to Wal-Mart as well as premium jeans; he indicated that the gross margin on his premium jeans is more than two times the gross margin he receives on his private label denim.[128] Similarly, the MHP 11/30/06 Report also disclosed that relative to Maran's private label products, "branded denim apparel…produces higher profit margins."[129] This correlates with the fact that the average EBITDA margin of MHP's three guideline companies was nearly two times Maran's EBITDA margin as of the Valuation Date.[130]

This differential between MHP's selected guideline companies and Maran in terms of product pricing and quality, end consumers and profitability limits these companies use as an indication of the value of Maran. Indeed, Mr. Greenberg testified that he "had never heard of" Blue Holdings and stated that True Religion "is not" comparable to Maran.[131,132,133] MHP appears to agree that the companies it used in valuing the Interest in connection with the Transaction were not comparable since, in its very next valuation of the Company and the Interest one month later

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[125] True Religion Apparel, Inc. 2006 10-K (p. 2), "How Guess Got its Groove Back", *Businessweek*, December 17, 2006; Blue Holdings, Inc. 2006 10-K, (p. 8)
[126] Exhibit 179; Maran Confidential Information Memorandum dated August 2006 (Exhibit 47) (p. 16).
[127] Deposition of David Greenberg dated September 23, 2014 (pp. 172-173).
[128] Exhibit 179 (MRN0027576).
[129] MHP 11/30/06 Report (Exhibit 71) (p. 13).
[130] MHP 11/30/06 Report (Exhibit 71) (p. 74).
[131] Deposition of David Greenberg dated September 23, 2014 (pp. 169-171).
[132] Interestingly, at pages 52-53 of his September 23, 2014 deposition, Mr. Greenberg points to Garan Corp as a competitor of Maran's and notes that they had a 97% concentration to Wal-Mart when Garan was purchased by Warren Buffet's Berkshire Hathaway. The purchase of Garan in September of 2002 was effected at a multiple of 4.6x Garan's trailing EBITDA and significantly below the 8.8x and 10.1x multiples that MHP used in its guideline company approach of Maran at 11/30/06.
[133] Mr Huang also testified that Garan was a competitor that was "heavily concentrated in Wal-Mart" and that he didn't know why it wasn't included in MHP's comparison. (Deposition of Richard Huang dated September 25, 2014 (pp. 178-179).

(December 31, 2006), MHP relied solely on the Discounted Net Cash Flow method "Due to the limited number of publicly traded companies which we deemed to be similar to Maran…."[134]

MHP's chosen guideline companies are not meaningful indicators of the value that a third-party investor would place on Maran and its cash flows and significantly overvalue the Company and the Interest as of the Valuation Date. If a more appropriate set of guideline companies were utilized, the value of the Interest, generally assuming MHP's other valuation assumptions, would be $9.2 million to $11.8 million lower than the value that MHP derived for the Interest.[135] Exhibit 9 to my report contains additional detail on the underlying calculations.

These flaws lead to a significant overvaluation of Maran and the Interest as of the Valuation Date and in connection with the Transaction.[136]

VI. The Fair Market Value of the Interest as of November 30, 2006 was $37.0 to $40.3 million, meaning that the ESOP's purchase of the Interest for $70.961 million exceeded the Interest's Fair Market Value by $30.661 to $33.961 million

In addition to reviewing and critiquing the MHP calculations as of the Valuation Date, I conducted my own independent valuation of the Interest. My analysis results in a range of value for the Interest of $37.0 to $40.3 million, meaning that the ESOP's purchase of the Interest for $70.961 million exceeded the Interest's Fair Market Value by $30.661 to $33.961 million.

In determining the FMV of the Interest as of the Valuation Date, I utilized three standard valuation methodologies to assess the value of Maran: the DCF Approach, the Guideline Company Approach and the Market Transaction Approach.

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[134] MHP 12/31/06 Report (p. 74).

[135] The ten guideline companies which I utilized are discussed later in this report. In addition to the different guideline companies I selected, as part of my critique of the MHP Guideline Approach, I adopted my Guideline Approach methodology which is discussed during the affirmative section of this report.

[136] The individual adjustments for the significant flaws were calculated independent of one another and a summation of the individual overvaluations would not reflect a cumulative total overvaluation, given the interdependent nature of the calculations.

DCF Approach

In performing my DCF analysis, I utilized the same management projections of revenue and profits that MHP used in its DCF analysis with three primary adjustments: (1) a more realistic assessment of the level of working capital investment needed to support the significant projected growth, (2) a normalizing of depreciation expense in the residual, and (3) a discount rate that better reflects the risks associated with the management projections which assumed significant revenue and margin growth.[137]

As I detail in the working capital critique section above, instead of applying MHP's unexplained and unsupported assumption of 10% of the change in sales to estimate the investment in working capital necessary to support management's projected growth in revenue in my DCF analysis, I utilized a figure of 20% of the annual change in sales. This level of investment at 20% is conservatively lower than Maran's historical levels of approximately 25% of sales and is in line with the historical levels of both my and MHP's guideline companies.

As previously mentioned, the residual calculation in a DCF analysis serves as an approximation for the value of the annual cash flows of a business beyond the last year of the discrete projection period and into perpetuity. In its DCF, MHP assumes in its residual calculation that depreciation will be $300,000 per year and capital expenditures will be $200,000 per year into perpetuity. This relationship does not work, since deprecation is a function of capital expenditures and, in the long run, cannot exceed the level of capital expenditures. MHP's capitalization of this figure into perpetuity is incorrect and leads to an inflated value. For my DCF analysis, I adjust the residual cash flow to effectively set depreciation equal to capital expenditures in the residual.

[137] It appears that management also provided the capital expenditure projections to MHP, but it is unclear who prepared the depreciation expense. Per pages 56-57 of the MHP 11/30/06 Report, capital expenditures was prepared "According to the forecasted balance sheet prepared by the management of Maran, the Company will require approximately $200,000 to $300,000 annually to support the forecasted earnings for the forecasted years." Per Exhibit 19 "To arrive at net cash flow available to the MVIC, we added back the forecasted depreciation…" Per page 56 "Depreciation is forecasted to range from $248,000 in the year ended August 31, 2006 and $300,000 for each of the remaining years of the forecast. To arrive at net cash flow, non-cash charges for expenses, such as depreciation, are added back to earnings since these are not actual cash expenses that the Company will incur."

Similar to MHP, I calculated a discount rate for my DCF analysis utilizing a WACC, which requires deriving Maran's cost of equity and cost of debt, and then weighting the two. Unlike MHP, however, my WACC properly accounts for the riskiness inherent in Maran's business model and management's robust projected cash flows and applies an industry-derived debt-to-capital ratio to weight Maran's cost of equity with its cost of debt.

I calculated Maran's cost of equity by using the Capital Asset Pricing Model ("CAPM"), which begins with a risk-free rate, U.S. government Treasury bonds, and then adds a risk premium, which stockholders require to assume the additional risk of equity investment.

The formula for CAPM is expressed as follows:

Ke = Rf + B x (Rm - Rf) + SSP + A

where:

Ke = required rate of return on equity capital
Rf = risk-free rate of return (long-term government bonds)
B = beta or systematic risk of this type of equity investment
Rm = market return
SSP = small stock premium
A = alpha or unsystematic risk of the equity investment

I used the yield on a twenty-year U.S. Treasury bond to estimate the risk-free rate of return.[138] This interest rate as of November 30, 2006 was 4.66%.

Due to the increased risk of holding equity securities as compared to holding debt securities, investors demand a risk premium as part of their return on equity capital. This risk premium is

[138] MHP also utilized a 20-year bond rate for its risk free rate. The use of the 20-year Treasury bond as the risk free in a WACC is a standard valuation assumption and reflects that while a discounted cash flow analysis typically values a business into perpetuity, the present value of cash flows beyond 20 years is typically relatively small.

defined as the difference between the market return on equity and the risk-free rate of return. The equity risk premium is composed of two components: a risk premium for investments in large companies, and an additional risk premium for the increased riskiness of smaller companies such as Maran. I applied a risk premium of 6.30% for large companies and an additional risk premium of 6.36% for small companies, relying on data in the 2006 Valuation Edition of Ibbotson Associates' Stocks, Bonds, Bills and Inflation.

The beta I used for my rate of return, 0.95, was based on the average beta of my guideline companies. As noted above, I also include a company-specific risk premium range of 3.0 - 4.0% for Maran to account for the customer concentration risk as well as the riskiness of management's projections. Inserting these assumptions into the CAPM results in a required rate of return on equity capital of 20.0% to 21.0% for Maran as of the Valuation Date.[139]

For Maran's cost of debt, I used a 6.1% interest rate based on the borrowing cost of an average Baa credited borrower as of the Valuation Date.[140]

To determine the weight placed on debt and equity I looked at average debt to capital ratios of my guideline companies, which are approximately 18% debt (and 82% equity). Inserting these assumptions into the WACC equation results in a required rate of return on capital of 17.0% to 18.0% for the Company and management's projections as of the Valuation Date.

In calculating the residual value - an estimate of the present value of the Company's available cash flows subsequent to the last year of the discrete projection period - I utilized MHP's residual growth rate of 3% and margin assumptions but adjusted the residual capital expenditures and depreciation expense to be equal into perpetuity.

[139] This cost of equity range is actually quite similar to MHP's range, though MHP's overall discount rates are lower due to unsupported assumptions regarding industry capital structures and debt costs.
[140] The use of a Baa rate for the cost of debt in an FMV assessment is a typical valuation industry assumption. A Baa rated company reflects a company with an average credit risk profile. I used a lower rate than that implied by Maran's actual weighted cost of debt as described on p. 27 of my report.

After determining the FMV of the MVIC of Maran, I subtracted the Company's debt balance of $7.08 million as of the latest available balance sheet prior to the Valuation Date to arrive at a value of the total equity of the Company on a marketable, controlling basis of $63.2 to $68.4 million.[141]

I then determined a 10% minority discount based on an analysis of control premiums paid in the apparel industry specifically, as well as in the marketplace in general, combined with an assessment of the specific nature of the Interest which I highlighted earlier in my report. See Exhibit 6 for additional details of this calculation. Applying this 10% minority discount to the value of the total equity (on a control basis) results in a value of Maran's total equity of $56.9 million to $61.6 million on a marketable, minority basis.

Guideline Company Approach

In connection with my Guideline Company Approach, I initially considered a wide range of apparel companies and narrowed the list down to ten companies based on metrics such as initial and end customer focus, profitability, geography and other operating considerations. These companies are not mirror images of Maran but face many of the same underlying economic drivers as the Company, and thus, are useful indications of the value of Maran. In general, these companies are larger and more diverse than Maran in terms of factors such as customer concentration and product lines. The guideline companies I utilized were Carter's, Inc., Delta Apparel Inc., Hampshire Group, Limited, Jones Group, Inc., Liz Claiborne, Inc., Maidenform Brands, Inc., Oxford Industries, Inc., Perry Ellis International, PVH Corp, and VF Corp.[142] In its 11/30/06 Report, MHP actually identified three of these companies – VF Corporation, Jones Group, Inc., and Perry Ellis International – as competitors of Maran.[143,144]

After selecting the guideline companies I calculated MVIC to EBITDA multiples for each of these companies and used these multiples as the basis of my Guideline Company Approach.

[141] I also do not add any "excess" working capital in arriving at my total equity value for Maran as of the Valuation Date.
[142] I provide descriptions of these companies in Appendix A of my report.
[143] MHP 11/30/06 Report (Exhibit 71) (pp. 12-13).
[144] A fourth competitor listed by MHP, Levi's, was not publicly-traded as of the Valuation Date.

EBITDA is a well-established industry metric that is used as a proxy for cash flow and MVIC/EBITDA multiples are commonly used to estimate the value of an operating business such as Maran. There were meaningful differences between Maran and these relatively large public companies, such as Maran's relatively small size, very heavy customer concentration to Wal-Mart, high exposure to private label sales and a high dependence on its CEO, and to a lesser extent, the CFO.[145,146] For example, the smallest guideline company I utilized had latest twelve month sales of $272 million, or more than 2.5x Maran's sales. In addition, the largest disclosed customer concentration was 18% of sales to a single customer and most of the guideline companies did not have a single customer that represented more than 15% sales. This diversity is in direct contrast to Maran's sales concentration to Wal-Mart at 51% of expected 2006 and 56% of expected 2007 sales.

As such, and similar to MHP, in assessing an appropriate valuation metric for Maran, I applied a discount to the median multiple of the guideline company data set due to the meaningful differences between these large, public companies and Maran. MHP applied discounts of 20% and 30% to the mean multiple for its three companies due to relative differences in characteristics such as company size, growth and management depth between the public companies and Maran. In my analysis, I applied discounts of 20% and 25% to the median multiple of my ten companies to arrive at a value for the MVIC of Maran under the Guideline Company Approach. I apply the resultant range of EBITDA multiples of 6.8x to 7.3x to Maran's LTM adjusted EBITDA of $10.9 million[147] to arrive at a range of MVIC of $74.2 to $79.1 million.

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[145] Wal-Mart was in excess of 50% of Maran's sales and was expected to grow as a percentage of sales. Private label sales represented approximately 65% of gross 2006 sales (MHP 11/30/06 Report (Exhibit 71), p. 8).

[146] In a letter Mr. Greenberg received from Marc Bergschneider dated January 31, 2006, Mr. Bergschneider explained that "while it is clear that the business is heavily dependent upon you (a strength to date) that creates uncertainty and concerns going forward." (Exhibit 174). In fact, in his deposition, Mr. Greenberg states, "I am part of the business and a good part of the business. I'm involved in a lot of day-to-day. So much so that I drive my staff crazy. I'm involved with the fitting, with the design, with the washing, with the technical aspects of the business, with the sourcing, pricing, negotiating." (Deposition of David Greenberg dated September 23, 2014, p. 104).

[147] In my market approaches, I utilize $10.889 million as Maran's adjusted EBITDA. This calculation is based on the figures listed in Maran 2006 audited income statement plus the executive compensation addback listed on page 31 of the MHP 11/30/06 Report (Exhibit 71). This figure is slightly higher than the figure $10.78 million that MHP uses in its Guideline Company Approach at p. 77. I conservatively use the higher figure in my analysis, which results in a higher value for Maran, all else equal.

After determining the FMV of the MVIC of Maran under the Guideline Company Approach, I subtract the Company's debt balance of $7.08 million (as of the latest available balance sheet prior to the Valuation Date) to arrive at a value of the total equity of the Company on a marketable, minority basis of $67.1 million to $72.1 million.

Market Transaction Approach

In conducting my Market Transaction Approach, I searched for transactions in the U.S. apparel industry for the three-year period prior to the Valuation Date. I observed six transactions for which sufficient data was available to calculate EBITDA multiples (and five others for which only revenue was readily available). Similar to the companies utilized in the Guideline Company Approach, while none of the companies is an exact match to Maran, they share characteristics, which in aggregate provide a meaningful basis for comparison. I provide descriptions of the target companies utilized in my approach in Appendix B to my report.

Similar to my Guideline Company Approach analysis, I utilized MVIC to EBITDA multiples for the observed transactions in conducting my Market Transaction Approach. I utilized the median observed EBITDA multiple for the high end of the concluded valuation range and applied a 10% discount on the low end of the valuation range to account for differences between Maran and the target companies (such as Maran's aforementioned significant sales concentration to Wal-Mart). I applied the resultant approximate 6.8x to 7.6x EBITDA multiple range to Maran's LTM EBITDA of $10.9 million to arrive at a range for the value of Maran's total capital of $74.0 to $82.2 million.

After determining the FMV of the MVIC of Maran under the Market Transaction Approach, I subtract the Company's debt balance of $7.08 million to arrive at a range of value of the total equity of the Company on a marketable, controlling basis of $66.9 million to $75.1 million.[148]

Similar to my DCF Approach, I applied a 10% minority discount to this value,[149] which results in a value of Maran's total equity of $60.2 to $67.6 million on a marketable, minority basis.

Value of the Interest

In determining the value of the total equity of Maran on a marketable, minority basis, I weighted the DCF Approach 50%, the Guideline Company Approach 25% and the Market Transaction Approach 25%. The resultant value of total equity available to both the Company's common and preferred equity holders ranged from $60.3 million to $65.7 million.

In order to determine the FMV of the preferred stock interest acquired by the ESOP, similar to MHP, I subtracted the present value of the expected preferred stock dividends to arrive at a range of value of total equity after dividends of $41.9 to $45.7 million.[150]

I then took 49% of this range of post dividend equity values ($20.5 to $22.4 million) and added the present value of the preferred stock dividends in order to arrive at a range of value for the Interest of $38.9 to $42.4 million on a marketable, minority basis. I then applied a 5% discount for lack of marketability to arrive at a range of value for the interest of $37.0 million to $40.3 million. See Exhibit 10 for the additional supporting detail behind my valuation analysis.

Given that the ESOP Trust paid $70.961 million for the Interest, the Transaction was consummated at an amount that exceeded the Interest's Fair Market Value by $30.661 million to $33.961 million.

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[149] *Valuing a Business*, 5th edition, Pratt et al., notes in Chapter 12 / Market Approach: Guideline Merged and Acquired Company Method: "If a noncontrolling interest is being valued, both lack of control and lack of marketability discounts should be considered." (p. 323).

[150] I calculated the present value of the dividends as a range of $18.4 to $20.0 million, which assumes that they were paid out as scheduled over the eight years subsequent to the Transaction and utilizes the same 12% discount rate as MHP (and as required per page 4 of the Amended and Restated Certificate of Incorporation of Maran, Inc. Article IV Section 3(d)(i)). I adjust the projected dividends to reflect the changes to the underlying value of the Company since the annual dividend was designed to be equal to 10% of the purchase price of the Interest, thus as structured, the value of the Interest changes, so too would the scheduled dividends for Maran's Class B preferred stock.

VII. Additional Analysis and Demonstrative Aids

I understand that discovery in this matter is ongoing and I reserve the right to amend and/or supplement this report prior to trial based upon any new and/or additional facts, other documents which may come to my attention, or information, including expert reports, deposition testimony and related documents thereto, which may be produced.

If I am called upon to testify, I may prepare demonstrative aids, such as graphs, charts or tables.

Marc J. Brown

Marc J. Brown, CFA
Dated: January 15, 2015

Exhibit 1

AlixPartners LLP
When it really matters.

Exhibit 1

CURRICULUM VITAE
OF
MARC J. BROWN, CFA

POSITION	Director, AlixPartners, LLP, Chicago, Illinois	
EDUCATION	B.S. – Finance (High Honors) University of Illinois at Urbana-Champaign, Urbana, Illinois Masters in Business Administration (Honors) Concentrations in Accounting, Finance and Strategic Management (economics) University of Chicago, Graduate School of Business, Chicago, Illinois	
PROFESSIONAL HISTORY	AlixPartners, LLP Director	 2008 - Present 1998 - 2006
	Chicago Fundamental Investment Partners, LLC Investment Analyst	 2006 - 2008
	Price Waterhouse LLP**,** Valuation Services Group Senior Analyst	 1997 - 1998
	John Nuveen & Co. Inc. Investment Banking Analyst	 1996 - 1997
PROFESSIONAL CERTIFICATIONS & BUSINESS AFFILIATIONS	Chartered Financial Analyst charterholder Member – CFA Institute, CFA Society of Chicago American Bankruptcy Institute Turnaround Management Association Business Valuation Association	

RANGE OF EXPERIENCE

Marc's more than 18 years of experience encompasses a wide variety of corporate finance engagements with a focus on valuation consulting. Marc has valued hundreds of companies and assets for numerous purposes including: mergers and acquisitions, capital raising, ESOPs, litigation and other disputes, bankruptcy, distressed and workout situations, strategic assessments and financial and tax planning and reporting.

In addition to business enterprise valuations, he has valued common and preferred stock, limited partnership interests, debt instruments, warrants, options and other derivative securities, as well as intellectual property and intangible assets. Marc has advised law firms, lenders, investors, government agencies and public and private companies of all sizes and has also served as a valuation arbitrator.

Marc has also calculated damages for litigation, arbitration and mediation purposes, has served as an expert witness and has provided expert testimony. Marc has considerable experience with valuation, transaction and securities disputes and also has significant experience in analyzing issues related to fraudulent conveyance, solvency and other bankruptcy actions.

He has acted as a financial advisor to debtors in possession as well as represented both secured and unsecured creditors in bankruptcy, turnaround and workout situations. Marc has advised on restructuring and sale scenarios, valuation disputes, executory contract rejection analyses, liquidation analyses, asset due diligence and cash flow monitoring and modeling.

Marc has consulted with companies in a number of industries and has presented to diverse audiences on a variety of valuation and financial topics including serving as an instructor on the fundamentals of valuation.

In addition to his consulting experience, Marc has worked as an investment banker and a hedge fund investment analyst assessing the value of debt, equity and derivative securities and making recommendations to invest the fund's capital in public and private securities.

SELECTED ENGAGEMENTS

- *Frank B. McCune, Jr. v. United States Department of Justice, Office of Attorney General, Southern District of Mississippi, et al. United States District Court, Southern District of Mississippi, Civil Action No. 3:11-cv -423-DCB-JMR*

  Retained by the U.S. Department of Justice as a testifying expert in a U.S. district court litigation regarding the financial viability and value of a long-term health care company.

- *Fort Benning Family Communities LLC, et al. v. American Management Services East LLC, et al. Superior Court, Muscogee County, State of Georgia, Case No. SU10CV2025-F*

  Retained as an expert rebuttal witness in a litigation involving damages associated with a contract dispute in the property management industry. Provided deposition testimony.

- *I.S.B Financial Corporation, Debtor, U.S. Bankruptcy Court for the Northern District of Illinois, Eastern Division, Case No. 09-37225*

  Engaged to serve as a testifying expert regarding the value and solvency of a real estate focused community bank as part of a fraudulent conveyance action.

- *Marilyn White, et al. v. Frank J. Fee, et al. Supreme Court of the state of New York, County of Westchester*

  Retained as a valuation expert in a minority shareholder oppression litigation. The case was successfully mediated to settlement.

- *Securities and Exchange Commission v. Paul T. Mannion, et al., United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. 1:10-cv-03374-MSD*

  Provided expert testimony in a matter related to the valuation of securities of a distressed publicly-traded company.

- *Catherine Laduzinsky v. Hillcrest Retirement Village, Ltd., et al.*

  Engaged as a testifying expert regarding valuation and damages in a healthcare related arbitration.

- Engaged as a valuation expert to value a start-up pharmaceutical risk management company as part of a capital raise and minority shareholder dispute.

- *Boyd Coffee Company v. Techniform, B.V., United States District Court, District of Oregon, Portland Division, Case No. 3:13-cv-244*

  Retained as damages expert in a contract dispute between a foreign manufacturer and a U.S. based distributor.

- Served as the valuation arbitrator in a valuation dispute between the former CEO of a private-equity owned paper distributor and the private-equity owner.

- Currently engaged as a valuation and damages expert in an arbitration involving a dispute in the water distribution industry.

- Currently retained as a valuation expert in a matter involving the value of a wine making business as part of an alleged fraudulent conveyance.

- For a $3.7 billion fraudulent conveyance litigation in the Southern District of New York, assessed the value and solvency of a global satellite telecommunications company over a multi-year period and provided litigation support to counsel for the defense and multiple testifying experts.

- Retained by the trustee to assess a proposed purchase of stock by the ESOP of a diversified media company.

- Assessed the value of a Latin American wireless telecom

provider for a purchase price dispute. Provided litigation support to counsel and the testifying expert.

- On behalf of the Board of Directors of General Motors, determined the liquidation value of numerous assets, including intellectual property assets, joint venture stakes, financial, technology and real estate assets and international businesses in connection with the Board's assessment of the proposed 363 sale of GM.
- Provided valuation consulting services to a global recruiting company for annual ESOP valuation purposes.
- Valued a media company on behalf of the ESOP trustee in connection with the original ESOP formation transaction.
- Working on behalf of the ESOP trustee, assessed the value of an auto part supplier for multiple transactions in the company's stock.
- Advised a specialty packaging company on strategic alternatives, including a potential leveraged ESOP transaction. Provided valuation and corporate finance consulting services.
- Engaged to perform an annual valuation of a construction company for ESOP purposes. Also advise senior management on valuation and structuring for potential acquisitions.
- Served as financial and valuation advisors to an auto part company in connection with its ESOP formation transaction.
- Valued a global recruiting firm in connection with the termination of their ESOP.
- Valued the intellectual property of United Airlines in a liquidation context as part of the best interest test for the plan of reorganization.
- Assessed the value and solvency of a diversified media ESOP company as part of a fraudulent conveyance action.
- Conducted valuation and ESOP feasibility studies for multiple private companies.
- Assisted in the annual ESOP valuation of an electrical products manufacturer.
- Valued and assessed the solvency of a cable and telecom company as part of a plan of reorganization confirmation dispute regarding the reinstatement of a multi-billion dollar pre-petition secured debt facility. Provided litigation support to counsel and the testifying expert through trial in the Southern District of New York.

- Assessed the value, financial viability and solvency of a telecommunications services company as part of a dispute over a failed leveraged buyout.
- Provided litigation and valuation consulting to counsel in an international joint venture dispute in the automotive industry.
- Assessed the value of an ESOP company's FCC licenses.
- Calculated lost profit damages and provided litigation consulting support as part of an arbitration regarding a breach of contract dispute over a distribution and marketing agreement between a global pharmaceutical company and a European pharmaceutical company.
- As part of an arbitration, assessed damages associated with a financing joint venture between a bank and publicly-traded tool company.
- Calculated working capital adjustments and associated damages in a purchase price adjustment dispute in the telecom equipment industry.
- Estimated damages and provided rebuttal analysis in connection with a wholesale insurance brokerage dispute.
- Calculated damages as part of a breach of contract dispute over the forced dilution of a venture capital investor in a start-up biotech company.
- Estimated the value of a license to sell products in the Peoples' Republic of China as part of a dispute.
- Provided valuation and litigation consulting to counsel during trial for a multi-billion dollar Delaware leveraged transaction (solvency) dispute between two chemical companies.
- Provided valuation consulting services to a global recruiting company for tax purposes. Valued the company's brand and country specific customer lists and assembled workforces.
- Served as financial advisor to the senior lenders of a specialty hospital. Provided valuation and restructuring services.
- Analyzed the solvency of a multi-chain retailer in connection with a Delaware fraudulent conveyance action. Provided litigation support to counsel and the testifying expert through trial.
- Valued a telecom equipment company as part of a transaction dispute.
- Assisted debtor's counsel in assessing the value and solvency of a multi-billion dollar global chemical company in

connection with negotiations around the plan of reorganization and potential recovery actions including fraudulent conveyance.

- Determined the liquidation value of a global publisher's U.S. and foreign intellectual property assets as well as the distressed sale values of the company's significant international affiliates including operations in North and South America and Europe.
- Analyzed the enterprise and component asset values, including tradenames, non-compete covenants and customer lists of an oil services business emerging from Chapter 11 for Fresh Start Reporting purposes.
- Provided valuation consulting and cash flow assessment of a diversified multi-billion dollar U.S. media company as part of the unsecured creditor committee's analysis of potential recovery actions.
- Provided valuation consulting services to the liquidation trustees of a company which held a majority stake in a publicly traded U.S. company.
- Provided valuation and litigation consulting services to counsel for the lenders in a retail industry fraudulent conveyance action.
- Valued an aircraft company for financial reporting purposes.
- Provided litigation support to the U.S. government related to its interests in a litigation trust established for the pursuit of a fraudulent conveyance involving a chemical company. Work includes reviewing and commenting on multiple testifying experts' analyses and conclusions on value and solvency.
- Served as financial advisor to a third-party guarantor in connection with the restructuring of the debt of a U.S. based conglomerate with interests in utilities, energy and other businesses in both the U.S. and abroad. Valued individual, disparate business, conducted cash flow and other analyses.
- Provided valuation consulting services to the workout group of a Midwestern bank for collateral assessment and strategic planning purposes. Assignments included assessing the value of a retail grocery chain, an emissions testing equipment supplier and an automotive parts supplier.
- Conducted due diligence on global non-core assets on behalf of the CEO of General Motors for purposes of identifying assets to be potentially retained by the liquidating entity in the proposed General Motors 363 sale.

- Valued a telecom services company as part of a transaction dispute.
- Assessed the value of the assets of a multi-billion dollar global energy partnership including pipeline and utility assets as part of a wind down of the partnership.
- Valued a supply agreement as part of valuation dispute.
- Assessed the value of a tradename in the gaming industry connection with a bankruptcy dispute.
- Provided litigation consulting and reasonable royalty damages assessment in connection with a misappropriation of trade secrets litigation in the engineering software industry.
- Valued the brand name of an internet financial services provider.
- Provided a fairness review of the plan of reorganization valuation for the company's Board of Directors of an automotive supplier.
- Valued a safety products manufacturer in connection with a levered transaction dispute.
- Valued an automotive parts supplier to assess whether the secured lender's collateral was impaired; subsequently valued the deal consideration being offered for the purchase of this auto supplier out of bankruptcy.
- Assessed the value of a brokerage firm as part of an arbitration.
- Served as financial advisor to the U.S. government in the complex reorganization proceedings of a global chemical company. Provided restructuring and due diligence consulting and assisted in negotiations including the mediation session that led to a successful negotiated plan of reorganization. Our client was able to maximize the cash consideration that it received as part of the settlement of its claims.
- Valued a proprietary trading firm in connection with a litigation.
- Provided valuation consulting services to various states Attorneys General as part of hospital and health plan conversions.

Exhibit 2

Exhibit 2

AlixPartners
When it really matters.

MARC J. BROWN, CFA

Deposition Testimony within the Last Four Years

- Fort Benning Family Communities LLC, et al. v. American Management Services East LLC, et al. Superior Court, Muscogee County, State of Georgia, Case No. SU10CV2025-F

- Securities and Exchange Commission v. Paul T. Mannion, Jr., et al., United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. 1:10-cv-03374-WSD

Speeches and Presentations

- "Pursuing and Defending Alleged Fraudulent Transfers" with Debra Dandeneau (Weil, Gotschal), Samuel Lonergan and Scott Talmadge (Kaye Scholer) – American Bar Association CLE Webcast, December 2014.

- "M&A Litigation: Appraisal Rights and Their Continued Use in Shareholder Litigation" with Jessica Corely (Alston & Bird LLP) – American Bar Association CLE Webcast, July 2014.

- Panel speaker on "Valuation in a Distressed Context" at the American Bankruptcy Institute Central States Workshop, Lake Geneva, Wisconsin, 2014.

- "Pursuing and Defending Alleged Fraudulent Transfers: A Practical Guide" with David Rosenzweig (Fulbright & Jaworski) – American Bar Association CLE Webcast, December 2012.

- "Hot Topics in Valuation" – AlixPartners North American meeting, Chicago, Illinois, June 2011.

- "Bankruptcy and Turnaround Valuations" with R. Bruce Den Uyl at the April 2011 Business Valuation Association meeting, Chicago, Illinois.

- "Bankruptcy and Turnaround Valuations" with Mark Rule -AlixPartners Financial Advisory Services meeting, Las Vegas, Nevada, July 2009.

- "Bankruptcy and Turnaround Valuations" with R. Bruce Den Uyl at the October 2008 Business Valuation Association meeting, Chicago, Illinois.

- Panel speaker on "Valuation Disputes in Bankruptcy" at the American Bankruptcy Institute Central States Workshop, Traverse City, Michigan, June 2004.

Publications

- Marc J. Brown, "M&A Litigation: The Upswing in Appraisal Rights Actions", *Transaction Advisors*, June 2014.
- Marc J. Brown, Bruce Goldfarb, Alan Klein, and Richard J. Grossman, "Shareholder Activism in M&A", *Risk & Compliance*, October 2014.

Exhibit 3

Document Description	Beg. Bates	End Bates
Amended and Restated Certificate of Incorporation of Maran, Inc.	DOL0000006450	DOL0000006480
Amended and Restated ESOP Note dated November 30, 2011		
Assignment of Life Insurance Policy as Collateral dated November 15, 2006		
Bank of America Amendment No. 3 to Loan Agreement, Amendment No. 1 to Pledge Agreement and Amendment No. 1 to Subordination Agreements		
Citigroup Confidential Business Review of Maran, Inc.	MRN 007439	MRN 007578
Corporate Guaranty		
Credit Agreement dated November 30, 2006 Among Maran, Inc. and Certain Financial Institutions	MOCO0006822	MOCO0007022
CSG Comparative ESOP Analysis Presentation dated January 2006	CSG015005	CSG015045
CSG Confidential Information Memorandum dated August 2006		
Danziger & Markhoff, LLP Maran, Inc. Employee Stock Ownership Plan 2006 Valuation Report		
Danziger & Markhoff, LLP Maran, Inc. Employee Stock Ownership Plan 2007 Valuation Report		
Danziger & Markhoff, LLP Maran, Inc. Employee Stock Ownership Plan 2008 Valuation Report		
Danziger & Markhoff, LLP Maran, Inc. Employee Stock Ownership Plan 2009 Valuation Report		
Danziger & Markhoff, LLP Maran, Inc. Employee Stock Ownership Plan 2010 Valuation Report		
Demand Letter from the U.S. Department of Labor to First Bankers Trust Services, Inc. dated July 25, 2014		
Deposition of Alexander Meshechok and Related Exhibits		
Deposition of Ashley Melton and Related Exhibits		
Deposition of Brian Ippensen and Related Exhibits		
Deposition of David Greenberg and Related Exhibits		
Deposition of Kenneth Pia and Related Exhibits		
Deposition of Kimberly Serbin and Related Exhibits		
Deposition of Maureen Cosgrove and Related Exhibits		
Deposition of Merri Ash and Related Exhibits		
Deposition of Richard Huang and Related Exhibits		
Draft Third Amendment to ESOP Loan and Pledge Agreement dated April 2012		
ESOP $70,961,000 Note dated November 30, 2006		
First Amendment to ESOP Loan and Pledge Agreement dated December 30, 2006		
First Bankers Trust Services ESOP Trustee Engagement Letter		
First Bankers Trust Services Letter RE: Notice of Conversion of Class B ESOP Convertible Preferred Stock dated April 20, 2012		
First Bankers Trust Services Statement of Account for Maran, Inc. ESOP dated January 1, 2006 through December 31, 2006		
Guidelines for the Employee Stock Ownership Plan Committee of Maran, Inc.		
Joint Written Consent of Shareholders and Directors of Maran, Inc. In Lieu of Special Meeting dated April 20, 2012		
Letter from Maran, Inc. to First Bankers Trust Services dated April 20, 2012		
Letter from Scott L. Stern to Maran, Inc. Re: Maran, Inc. with Citibank, NA dated December 15, 2009		
Maran Citi Base Case Financial Covenants Model	CSG 011846	CSG 011849
Maran Draft Due Diligence for Angelo, Gordon & Co., LP dated December 2005	STAR 00614	STAR 00636

Document Description	Beg. Bates	End Bates
Maran Monthly Income Statements 2004-2013	MRN 0033472	MRN 0033481
Maran, Inc. 2006 Tax Return		
Maran, Inc. 2007 Tax Return		
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2001	MRN 007564	MRN 007578
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2002	MRN 007547	MRN 007563
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2003	MRN 007531	MRN 007546
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2004	MRN 007514	MRN 007530
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2005	MRN 007497	MRN 007513
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2006		
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2007		
Maran, Inc. and Subsidiaries Audited Financial Statements for the Year Ended August 31, 2008		
Maran, Inc. Bylaws and Certificate of Incorporation		
Maran, Inc. Confidential ESOP Restructuring Transaction Memorandum dated February 15, 2012		
Maran, Inc. Consolidated Financial Statements Annual Model 2002-2011 Historical and Projected Financials dated September 2006		
Maran, Inc. Credit Agreement with David Greenberg and Richard Huang dated August 21, 2009		
Maran, Inc. Draft Amended and Restated ESOP Note as of November 30, 2011		
Maran, Inc. Draft Employee Stock Ownership Trust Agreement dated November 2, 2006		
Maran, Inc. Draft Re-Capitalization Alternatives Presentation dated March 2006	STAR 00592	STAR 00613
Maran, Inc. Draft Restructuring Agreement dated April 2012		
Maran, Inc. Employee Stock Ownership Plan Annual Return/Report of Employee Benefit Plan dated 2006		
Maran, Inc. Employee Stock Ownership Plan Annual Return/Report of Employee Benefit Plan dated 2007		
Maran, Inc. Employee Stock Ownership Plan Annual Return/Report of Employee Benefit Plan dated 2008		
Maran, Inc. Employee Stock Ownership Plan Document Effective January 1, 2006		
Maran, Inc. Employee Stock Ownership Plan Summary Plan Description Effective January 1, 2006		
Maran, Inc. Employee Stock Ownership Trust Certificate		
Maran, Inc. Employee Stock Ownership Trust ESOP Loan and Pledge Agreement dated November 30, 2006		
Maran, Inc. Employee Stock Ownership Trust Stock Purchase Agreement dated November 30, 2006		
Maran, Inc. ESOP Loan Amortization Schedule dated June 2007		
Maran, Inc. ESOP Loan Amortization Schedule dated November 29, 2012	CSG 014826	CSG 014828
Maran, Inc. ESOP Transaction Flow of Funds Instructions dated November 30, 2006		
Maran, Inc. ESOP Transaction Flow of Funds Instructions dated November 30, 2006 with Handwritten Notes		
Maran, Inc. Loan Agreement with Bank of America, NA dated June 30, 2010		
Maran, Inc. Loan Agreement with David Greenberg and Richard Huang dated August 31, 2011		
Maran, Inc. Loan Agreement with David Greenberg dated May 2, 2011		
Maran, Inc. Monthly Balance Sheets dated September 2006 through February 2007		
Maran, Inc. Pledge Agreement dated November 30, 2006		
Maran, Inc. Promissory Note dated May 2, 2011		
Maran, Inc. Restructuring Agreement dated April 20, 2012		

Document Description	Beg. Bates	End Bates
Maran, Inc. Revolving Note dated November 30, 2006		
Maran, Inc. Security Agreement dated November 30, 2006		
Maran, Inc. Seller Subordinated Note dated November 30, 2006		
Maran, Inc. Solvency Certificate dated November 30, 2006		
Maran, Inc. Stock Ledger		
Maran, Inc. Stock Power dated April 20, 2012		
Maran, Inc. with First Bankers Trust Services, Inc. as Trustee of the Maran, Inc. Employee Stock Ownership Trust ESOP Financing Restructuring Transaction Closing Binder Table of Contents		
MHP Draft Valuation Report of the Fair Market Value of a 49% Preferred Equity Interest in Maran, Inc. dated December 31, 2011		
MHP Fairness Opinion on ESOP Transaction dated November 30, 2006		
MHP Fairness Opinion on Restructuring dated April 20, 2012	DOLMHP 009686	DOLMHP 009708
MHP Restricted Valuation of Maran, Inc. dated October 4, 2006	DOLMHP 000258	DOLMHP 000285
MHP Valuation Report of 49% Preferred Equity Interest in Maran, Inc. dated December 31, 2006		
MHP Valuation Report of 49% Preferred Equity Interest in Maran, Inc. dated November 30, 2006		
MHP Valuation Report of a 49% Preferred Equity Interest in Maran, Inc. dated December 31, 2007		
MHP Valuation Report of a 49% Preferred Equity Interest in Maran, Inc. dated December 31, 2008		
MHP Valuation Report of the Fair Market Value of a 49% Preferred Equity Interest in Maran, Inc. dated December 31, 2009		
MHP Valuation Report of the Fair Market Value of a 49% Preferred Equity Interest in Maran, Inc. dated December 31, 2010		
MHP Valuation Report of the Fair Market Value of a 49% Common Equity Interest in Maran, Inc. dated December 31, 2012	DOLMHP 008091	DOLMHP 008183
Morrison Cohen Opinion Letters dated November 30, 2006		
Restructuring Agreement Among Maran, Inc. and First Bankers Trust Services dated April 20, 2012	DOLMHP 003599	DOLMHP 003611
Secretary's Certificate Certifying Richard Huang in his capacity as Secretary of Maran, Inc.	DOL0000006449	DOL0000006449
Starboard Capital Partners Letter of Intent dated October 20, 2005	CSG004977	CSG004981
The Geneva Companies Evaluation of Maran, Inc.	MRN 013266	MRN 013333
Third Amendment to ESOP Loan and Pledge Agreement dated April 20, 2012		
Trustee Certificate dated April 20, 2012		
Bloomberg database		
Branded Apparel Margin Bubble to Deflate: Initiate with Cautious View Morgan Stanley Analyst Report dated November 28, 2006		
CapitalIQ		
Datamonitor: Chapter 1: Womenswear in the United States, dated November 29, 2006		
Fed Reserve Statistical Release dated December 4, 2006		
How Guess Got its Groove Back, Businessweek, dated December 17, 2006		
Industry Update: Keeping Up with the Joneses. Our Thoughts on Consolidation in the Apparel & Footwear Sector Prudential Equity Group, LLC Analyst Report dated June 19, 2006		

Document Description	Beg. Bates	End Bates
Is Wal-Mart Too Powerful? Bloomberg Business Magazine dated October 5, 2003		
Mergerstat Review 2003		
Mergerstat Review 2004		
Mergerstat Review 2005		
Mergerstat Review 2006		
Mergerstat Review 2007		
Pratt, Shannon Valuing a Business, 5th Edition		
Randall E. Moore, “Blue Chip Economic Indicators” dated November 10, 2006		
RMA 2005-2006 Annual Statement Studies: Financial Ratio Benchmarks		
RMA 2008-2009 Annual Statement Studies: Financial Ratio Benchmarks		
SBBI 2006 Yearbook		
SEC Filings of Identified Guideline Companies		

Exhibit 4

Expert Report of Marc J. Brown, CFA **Exhibit 4**

MHP Exhibit 40 Adjusted for APLLP Identified Issue 1 - Incorrect Debt Assumption Page 1 of 4

			Midpoint		High End		Low End
Income Method	50%			$	108,739,000	$	96,152,000
Guideline Method	50%				117,255,000		101,805,000
Reconciled Value of Market Value of Equity Ownership Interest				$	112,997,000	$	98,978,500
Reconciled Market Value of Equity Ownership Interest (Rounded)				**$**	**113,000,000**	**$**	**99,000,000**
Less: Present Value of Preferred Dividends (Adjusted for lower Maran Value)					(34,426,000)		(30,154,000)
Market Value of Equity Available to Class B Preferred and Common Shareholders					78,574,000		68,846,000
Underlying Value Attributable to Class B Preferred Shares	49%				38,501,260		33,734,540
Plus: Present Value of Class B Preferred Dividends					34,426,000		30,154,000
Marketable Value of Class B Preferred Shares					72,927,260		63,888,540
Less: Discount for Lack of Marketability	5%				(3,646,363)		(3,194,427)
Fair Market Value of Class B Preferred Shares				$	69,280,897	$	60,694,113
Adj. FMV of Class B Preferred Shares (Rounded)		**$**	**65,000,000**	**$**	**69,300,000**	**$**	**60,700,000**
Number of Shares Outstanding					49,000		49,000
Adjusted FMV per Share of Class B Preferred Stock				$	1,414.29	$	1,238.78
			Deal Value				
Value per MHP		**$**	**70,961,000**	**$**	**73,000,000**	**$**	**65,000,000**
Delta		***$***	***(5,961,000)***	***$***	***(3,700,000)***	***$***	***(4,300,000)***

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 4**
MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 1 - Incorrect Debt Assumption Page 2 of 4
($ Thousands)

	High End	***Low End***
Market Value of Invested Capital	$ 110,314	$ 97,727
Less: Interest Bearing Debt	(7,075)	(7,075)
Add: Non Operating Assets		
Excess Working capital	5,500	5,500
Adjusted Market Value of Equity - Issue 1	**$ 108,739**	**$ 96,152**
MHP Value of Equity	$ 115,734	$ 103,147
Delta	$ (6,995)	$ (6,995)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 4**
MHP Exhibit 33 (Guideline Method) Adjusted for APLLP Identified Issue 1 - Incorrect Debt Assumption Page 3 of 4
($ Thousands)

	High End	***Low End***
Market Value of Invested Capital	$ 118,830	$ 103,380
Less: Interest Bearing Debt	(7,075)	(7,075)
Add: Non Operating Assets		
Excess Working capital	5,500	5,500
Adjusted Market Value of Equity - Issue 1	**$ 117,255**	**$ 101,805**
MHP Value of Equity	124,250	108,800
Delta	$ (6,995)	$ (6,995)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 4**
MHP Exhibit 40 Adjusted for APLLP Identified Issue 1 - Incorrect Debt Assumption Page 4 of 4

Value - High		69,300,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,930,000	6,930,000	6,930,000	6,930,000	6,930,000	6,930,000	6,930,000	6,930,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		6,187,500	5,524,554	4,932,637	4,404,140	3,932,268	3,510,954	3,134,780	2,798,911
PV of Dividends		**34,425,744**							

Value -Low		60,700,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,070,000	6,070,000	6,070,000	6,070,000	6,070,000	6,070,000	6,070,000	6,070,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,419,643	4,838,967	4,320,506	3,857,595	3,444,281	3,075,251	2,745,760	2,451,571
PV of Dividends		**30,153,573**							

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Exhibit 5

Expert Report of Marc J. Brown, CFA **Exhibit 5**
MHP Exhibit 40 Adjusted for APLLP Identified Issue 2 - Working Capital Page 1 of 6

		Midpoint / Deal Value		High End		Low End
Income Method	50%		$	93,010,658	$	82,050,404
Guideline Method	50%			118,750,000		103,300,000
Reconciled Value of Market Value of Equity Ownership Interest			$	105,880,329	$	92,675,202
Reconciled Value of Market Value of Equity Ownership Interest (Rounded)			**$**	**105,900,000**	**$**	**92,700,000**
Less: Present Value of Preferred Dividends (Adjusted for lower Maran Value)				(32,240,000)		(28,216,000)
Market Value of Equity Available to Class B Preferred and Common Shareholders				73,660,000		64,484,000
Underlying Value Attributable to Class B Preferred Shares	49%			36,093,400		31,597,160
Plus: Present Value of Class B Preferred Dividends				32,240,000		28,216,000
Marketable Value of Class B Preferred Shares				68,333,400		59,813,160
Less: Discount for Lack of Marketability	5%			(3,416,670)		(2,990,658)
Fair Market Value of Class B Preferred Shares			$	64,916,730	$	56,822,502
		Midpoint				
Adj. FMV of Class B Preferred Shares (Rounded)		**$ 60,850,000**	**$**	**64,900,000**	**$**	**56,800,000**
Number of Shares Outstanding				49,000		49,000
Adjusted FMV per Share of Class B Preferred Stock			$	1,324.49	$	1,159.18
		Deal Value				
Value per MHP		**$ 70,961,000**	**$**	**73,000,000**	**$**	**65,000,000**
Delta		**$ (10,111,000)**	**$**	**(8,100,000)**	**$**	**(8,200,000)**

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 5**
MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 2 - Working Capital Page 2 of 6
($ Thousands)

		High End		***Low End***
Market Value of Invested Capital	$	93,091	$	82,130
Less: Interest Bearing Debt		(80)		(80)
Add: Non Operating Assets				
Excess Working capital		-		-
Adjusted Market Value of Equity - Issue 2	**$**	**93,011**	**$**	**82,050**
MHP Value of Equity		115,734		103,147
Delta	$	(22,723)	$	(21,097)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 5**
MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 2 - Working Capital Page 3 of 6
($ Thousands)

			Projected Year Ended August 31,				
		2006	2007 [1]	2008	2009	2010	2011
Sales		$102,386	$122,263	$137,711	$154,236	$173,304	$194,730
Growth:			*19.40%*	*12.64%*	*12.00%*	*12.36%*	*12.36%*
Total Cost of Sales			90,475	101,906	114,134	128,245	144,099
Gross Profit			$31,788	$35,805	$40,102	$45,059	$50,631
			26%	26%	26%	26%	26%
Operating Expenses:							
Other Operating Expenses			16,698	17,718	19,021	20,556	22,815
Depreciations and Amortization			285	300	300	300	300
Total Operating Expenses			16,983	18,018	19,321	20,856	23,115
Income from Operations			14,805	17,787	20,781	24,203	27,516
Other Income (Expenses):							
Gain on sale of building			-	-	-	-	-
Financial costs			-	-	-	-	-
Total Other Income (Expenses)			-	-	-	-	-
EBT			14,805	17,787	20,781	24,203	27,516
Add: AAA Interest Expenses			-	-	-	-	-
EBIT			14,805	17,787	20,781	24,203	27,516
Income Taxes			(5,803)	(7,036)	(8,286)	(9,651)	(10,972)
Net Income			9,002	10,751	12,495	14,552	16,544
			7.36%	7.81%	8.10%	8.40%	8.50%
Cash Flow Calculation:							
Net Income			9,002	10,751	12,495	14,552	16,544
plus: Depreciation & Amortization			285	300	300	300	300
less: Capital Expenditure			(200)	(300)	(200)	(300)	(200)
add: Incr (decr) in Working Capital	*20.0%*		(3,975)	(3,090)	(3,305)	(3,814)	(4,285)
Available Cash Flow			5,112	$7,661	$9,290	$10,738	$12,359
Present Value Factor	14.30%		0.9346	0.8197	0.7143	0.6250	0.5495
Present Value of Available Cash Flow			$ 4,777	$ 6,280	$ 6,635	$ 6,712	$ 6,791
Discount Factor Per Exhibit 24 (p. 67)			*1.07*	*1.22*	*1.40*	*1.60*	*1.82*

Sum of Present Value of Available Cash Flow	31,195
Present Value of Residual Value	61,896
Enterprise Value	**$ 93,091**

Terminal Value	
2011 Available Cash Flow	$12,359
Residual Depreciation Adjustment	$0
	$12,359
Growth Rate	3.0%
2012 Projected Cash Flow	$12,730
Capitalization Rate	11.30%
Terminal Value	$ 112,651

Notes:
[1] Because the valuation date is November 30, 2006, a partial year convention should be followed for FY2007. However, because his exhibit isolates the effect of correcting working capital alone, APLLP follows MHP's flawed convention of discounting the entire projected cash flow for 2007 back a full year.

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 5**
MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 2 - Working Capital Page 4 of 6
($ Thousands)

			Projected Year Ended August 31,				
		2006	2007 [1]	2008	2009	2010	2011
Sales		$102,386	$122,263	$137,711	$154,236	$173,304	$194,730
Growth:			*19.40%*	*12.64%*	*12.00%*	*12.36%*	*12.36%*
Total Cost of Sales			90,475	101,906	114,134	128,245	144,099
Gross Profit			$31,788	$35,805	$40,102	$45,059	$50,631
			26%	26%	26%	26%	26%
Operating Expenses							
Other Operating Expenses			16,698	17,718	19,021	20,556	22,815
Depreciations and Amortization			285	300	300	300	300
Total Operating Expenses			16,983	18,018	19,321	20,856	23,115
Income from Operations			14,805	17,787	20,781	24,203	27,516
Other Income (Expenses):							
Gain on sale of building			-	-	-	-	-
Financial costs			-	-	-	-	-
Total Other Income (Expenses)			-	-	-	-	-
EBT			14,805	17,787	20,781	24,203	27,516
Add: AAA Interest Expenses			-	-	-	-	-
EBIT			14,805	17,787	20,781	24,203	27,516
Income Taxes			(5,803)	(7,036)	(8,286)	(9,651)	(10,972)
Net Income			9,002	10,751	12,495	14,552	16,544
			7.36%	7.81%	8.10%	8.40%	8.50%
Cash Flow Calculation:							
Net Income			9,002	10,751	12,495	14,552	16,544
plus: Depreciation & Amortization			285	300	300	300	300
less: Capital Expenditure			(200)	(300)	(200)	(300)	(200)
add: Incr (decr) in Working Capital	*20.0%*		(3,975)	(3,090)	(3,305)	(3,814)	(4,285)
Available Cash Flow			5,112	$7,661	$9,290	$10,738	$12,359
Present Value Factor		15.70%	0.9259	0.8065	0.6944	0.5988	0.5181
Present Value of Available Cash Flow			$ 4,733	$ 6,179	$ 6,451	$ 6,430	$ 6,404
Discount Factor Per Exhibit 25 (p. 68)			*1.08*	*1.24*	*1.44*	*1.67*	*1.93*
Sum of Present Value of Available Cash Flow			30,196				
Present Value of Residual Value			51,934				
Enterprise Value			**$ 82,130**				

Terminal Value	
2011 Available Cash Flow	$12,359
Residual Depreciation Adjustment	$0
	$12,359
Growth Rate	3.0%
2012 Projected Cash Flow	$12,730
Capitalization Rate	12.70%
Terminal Value	$ 100,233

Notes:
[1] Because the valuation date is November 30, 2006, a partial year convention should be followed for FY2007. However, because his exhibit isolates the effect of correcting working capital alone, APLLP follows MHP's flawed convention of discounting the entire projected cash flow for 2007 back a full year.

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 5**
MHP Exhibit 33 (Guideline Method) Adjusted for APLLP Identified Issue 2 - Working Capital Page 5 of 6
($ Thousands)

	High End	***Low End***
Market Value of Invested Capital	$ 118,830	$ 103,380
Less: Interest Bearing Debt	(80)	(80)
Add: Non Operating Assets		
Excess Working capital	-	-
Adjusted Market Value of Equity - Issue 2	**$ 118,750**	**$ 103,300**
MHP Value of Equity	124,250	108,800
Delta	$ (5,500)	$ (5,500)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 5**
MHP Exhibit 40 Adjusted for APLLP Identified Issue 2 - Working Capital Page 6 of 6

Value - High		64,900,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,490,000	6,490,000	6,490,000	6,490,000	6,490,000	6,490,000	6,490,000	6,490,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,794,643	5,173,788	4,619,454	4,124,512	3,682,600	3,288,036	2,935,746	2,621,202
PV of Dividends		**32,239,982**							

Value -Low		56,800,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		5,680,000	5,680,000	5,680,000	5,680,000	5,680,000	5,680,000	5,680,000	5,680,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,071,429	4,528,061	4,042,912	3,609,743	3,222,985	2,877,665	2,569,344	2,294,057
PV of Dividends		**28,216,194**							

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Exhibit 6

Expert Report of Marc J. Brown, CFA
MHP Exhibit 40 Adjusted for APLLP Identified Issue 3 - Minority Discount
Valuation Conclusion

Exhibit 6
Page 1 of 5

				High End		***Low End***
Income Method		50%	$	104,160,600	$	92,832,300
Guideline Method		50%		124,250,000		108,800,000
Reconciled Value of Market Value of Equity Ownership Interest			$	114,205,300	$	100,816,150
Reconciled Value of Market Value of Equity Ownership Interest (Rounded)			**$**	**114,200,000**	**$**	**100,800,000**
Less: Present Value of Preferred Dividends (Adjusted for lower Maran Value)				(34,773,000)		(30,700,000)
Market Value of Equity Available to Class B Preferred and Common Shareholders				79,427,000		70,100,000
Underlying Value Attributable to Class B Preferred Shares		49%		38,919,230		34,349,000
Plus: Present Value of Class B Preferred Dividends				34,773,000		30,700,000
Marketable Value of Class B Preferred Shares				73,692,230		65,049,000
Less: Discount for Lack of Marketability		5%		(3,684,612)		(3,252,450)
Fair Market Value of Class B Preferred Shares			$	70,007,619	$	61,796,550
	Midpoint					
Adj. FMV of Class B Preferred Shares (Rounded)	**$ 65,900,000**		**$**	**70,000,000**	**$**	**61,800,000**
Number of Shares Outstanding				49,000		49,000
Fair Market Value per Share of Class B Preferred Stock			$	1,428.57	$	1,261.22
	Deal Value					
Value per MHP	**$ 70,961,000**		**$**	**73,000,000**	**$**	**65,000,000**
Delta	**$ (5,061,000)**		**$**	**(3,000,000)**	**$**	**(3,200,000)**

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 6**
MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 3 - Minority Discount Page 2 of 5
($ Thousands)

		High End	***Low End***
Market Value of Invested Capital		$ 110,314	$ 97,727
Less: Interest Bearing Debt		(80)	(80)
Add: Non Operating Assets			
Excess Working capital		5,500	5,500
Market Value of Equity - Marketable, Controlling Basis		$ 115,734	$ 103,147
Minority Discount	10.0%	$ (11,573)	$ (10,315)
Adjusted Market Value of Equity - Marketable, Minority Basis - Issue 3		**104,161**	**92,832**
MHP Value of Equity		115,734	103,147
Delta		$ (11,573)	$ (10,315)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 6**
MHP Exhibit 33 (Guideline Approach) Adjusted for APLLP Identified Issue 3 - Minority Discount Page 3 of 5
($ Thousands)

	High End	Low End
Market Value of Invested Capital	$ 118,830	$ 103,380
Less: Interest Bearing Debt	(80)	(80)
Add: Non Operating Assets		
Excess Working capital	5,500	5,500
Market Value of Equity - Issue 3	**$ 124,250**	**$ 108,800**
MHP Value of Equity	124,250	108,800
Delta	$ -	$ -

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 6**
MHP Exhibit 40 Adjusted for APLLP Identified Issue 3 - Minority Discount Page 4 of 5

Value - High		70,000,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		6,250,000	5,580,357	4,982,462	4,448,627	3,971,988	3,546,418	3,166,445	2,827,183
PV of Dividends		**34,773,478**							

Value -Low		61,800,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,180,000	6,180,000	6,180,000	6,180,000	6,180,000	6,180,000	6,180,000	6,180,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,517,857	4,926,658	4,398,802	3,927,502	3,506,698	3,130,980	2,795,518	2,495,998
PV of Dividends		**30,700,014**							

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA
MHP Exhibit 40 Adjusted for APLLP Identified Issue 3 - Minority Discount
Calculation of Minority Discount - Based on Mergerstat Transactions
Source: Mergerstat Review

Exhibit 6
Page 5 of 5

All Industries

	Premium Average	Premium Median	Premium # of Deals	Implied Minority Discount Average	Implied Minority Discount Median
1996	36.6%	27.3%	381	26.8%	21.4%
1997	35.7%	27.5%	487	26.3%	21.6%
1998	40.7%	30.1%	512	28.9%	23.1%
1999	43.3%	34.6%	723	30.2%	25.7%
2000	49.2%	41.1%	574	33.0%	29.1%
2001	57.2%	40.5%	439	36.4%	28.8%
2002	59.7%	34.4%	326	37.4%	25.6%
2003	62.3%	31.6%	371	38.4%	24.0%
2004	30.7%	23.4%	322	23.5%	19.0%
2005	34.5%	24.1%	392	25.7%	19.4%
10-year Avg	45.0%	31.5%	453	30.7%	23.8%
5-year Avg	48.9%	30.8%	370	32.3%	23.4%

Apparel

	Average Premium	Average Implied Minority Discount	# of Deals
2002	13.4%	11.8%	1
2003	67.7%	40.4%	3
2004	29.0%	22.5%	3
2005	20.4%	16.9%	4
2006	35.9%	26.4%	2
Average - 5 year	33.3%	23.6%	
Average - 3 year	28.4%	21.9%	

Concluded	10.0%

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Exhibit 7

Expert Report of Marc J. Brown, CFA
MHP Exhibit 40 Adjusted for APLLP Identified Issue 4 - Projections

			High End	Low End
Income Method		50%	$ 93,737,219	$ 87,623,505
Guideline Method		50%	124,250,000	108,800,000
Reconciled Value of Market Value of Equity Ownership Interest			$ 108,993,609	$ 98,211,752
Reconciled Value of Market Value of Equity Ownership Interest (Rounded)			**$ 109,000,000**	**$ 98,200,000**
Less: Present Value of Preferred Dividends (Adjusted for lower Maran Value)			(33,184,000)	(29,905,000)
Market Value of Equity Available to Class B Preferred and Common Shareholders			75,816,000	68,295,000
Underlying Value Attributable to Class B Preferred Shares	49%		37,149,840	33,464,550
Plus: Present Value of Class B Preferred Dividends			33,184,000	29,905,000
Marketable Value of Class B Preferred Shares			70,333,840	63,369,550
Less: Discount for Lack of Marketability	5%		(3,516,692)	(3,168,478)
Fair Market Value of Class B Preferred Shares			$ 66,817,148	$ 60,201,073
	Midpoint			
Adj. FMV of Class B Preferred Shares (Rounded)	**$ 63,500,000**		**$ 66,800,000**	**$ 60,200,000**
Number of Shares Outstanding			49,000	49,000
Adjusted FMV per Share of Class B Preferred Stock			$ 1,363.27	$ 1,228.57
	Deal Value			
Value per MHP	**$ 70,961,000**		**$ 73,000,000**	**$ 65,000,000**
Delta	**$ (7,461,000)**		**$ (6,200,000)**	**$ (4,800,000)**

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 7**
MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 4 - Projections Page 2 of 6
($ Thousands)

	High End	***Low End***
Market Value of Invested Capital	$ 88,317	$ 82,204
Less: Interest Bearing Debt	(80)	(80)
Add: Non Operating Assets		
Excess Working capital	5,500	5,500
Adjusted Market Value of Equity - Issue 4	**93,737**	**87,624**
MHP Value of Equity	115,734	103,147
Delta	$ (21,997)	$ (15,523)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA
MHP Exhibit 26 Adjusted for APLLP Identified Issue 4 - Projections
($ Thousands)

Exhibit 7
Page 3 of 6

			Projected Year Ended August 31,				
		2006	**2007**	**2008**	**2009**	**2010**	**2011**
Sales		$102,386	$122,263	$137,711	$154,236	$173,304	$194,730
Growth:			*19.40%*	*12.64%*	*12.00%*	*12.36%*	*12.36%*
Total Cost of Sales			90,475	101,906	114,134	128,245	144,099
Gross Profit			$31,788	$35,805	$40,102	$45,059	$50,631
			26%	26%	26%	26%	26%
Operating Expenses							
Other Operating Expenses			16,698	17,718	19,021	20,556	22,815
Depreciations and Amortization			285	300	300	300	300
Total Operating Expenses			16,983	18,018	19,321	20,856	23,115
Income from Operations			14,805	17,787	20,781	24,203	27,516
Other Income (Expenses):							
Gain on sale of building			-	-	-	-	-
Financial costs			-	-	-	-	-
Total Other Income (Expenses)			-	-	-	-	-
EBT			14,805	17,787	20,781	24,203	27,516
Add: AAA Interest Expenses			-	-	-	-	-
EBIT			14,805	17,787	20,781	24,203	27,516
Income Taxes			(5,803)	(7,036)	(8,286)	(9,651)	(10,972)
Net Income			9,002	10,751	12,495	14,552	16,544
			7.36%	7.81%	8.10%	8.40%	8.50%
Cash Flow Calculation:							
Net Income			9,002	10,751	12,495	14,552	16,544
plus: Depreciation & Amortization			285	300	300	300	300
less: Capital Expenditure			(200)	(300)	(200)	(300)	(200)
add: Incr (decr) in Working Capital	10.0%		(1,988)	(1,545)	(1,653)	(1,907)	(2,143)
Available Cash Flow			7,099	$9,206	$10,942	$12,645	$14,501
Present Value Factor	17.0%		0.9245	0.7902	0.6754	0.5772	0.4934
Present Value of Available Cash Flow			$ 6,563	$ 7,274	$ 7,390	$ 7,299	$ 7,154
			1.08	*1.27*	*1.48*	*1.73*	*2.03*
Sum of Present Value of Available Cash Flow			35,681				
Present Value of Residual Value			52,636				
Enterprise Value			**$ 88,317**				

Terminal Value	
2011 Available Cash Flow	$14,501
Residual Depreciation Adjustment	$0
	$14,501
Growth Rate	3.0%
2012 Projected Cash Flow	$14,936
Capitalization Rate	14.00%
Terminal Value	$ 106,689

Notes:

[1] Because the valuation date is November 30, 2006, a partial year convention should be followed for FY2007. However, because his exhibit isolates the effect of correcting projections alone, APLLP follows MHP's flawed convention of discounting the entire projected cash flow for 2007 back a full year.

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 7**
MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 4 - Projections Page 4 of 6
($ Thousands)

		Projected Year Ended August 31,				
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Sales	$102,386	$122,263	$137,711	$154,236	$173,304	$194,730
Growth:		*19.40%*	*12.64%*	*12.00%*	*12.36%*	*12.36%*
Total Cost of Sales		90,475	101,906	114,134	128,245	144,099
Gross Profit		$31,788	$35,805	$40,102	$45,059	$50,631
		26%	26%	26%	26%	26%
Operating Expenses:						
Other Operating Expenses		16,698	17,718	19,021	20,556	22,815
Depreciations and Amortization		285	300	300	300	300
Total Operating Expenses		16,983	18,018	19,321	20,856	23,115
Income from Operations		14,805	17,787	20,781	24,203	27,516
Other Income (Expenses):						
Gain on sale of building		-	-	-	-	-
Financial costs		-	-	-	-	-
Total Other Income (Expenses)		-	-	-	-	-
EBT		14,805	17,787	20,781	24,203	27,516
Add: AAA Interest Expenses		-	-	-	-	-
EBIT		14,805	17,787	20,781	24,203	27,516
Income Taxes		(5,803)	(7,036)	(8,286)	(9,651)	(10,972)
Net Income		9,002	10,751	12,495	14,552	16,544
		7.36%	7.81%	8.10%	8.40%	8.50%
Cash Flow Calculation						
Net Income		9,002	10,751	12,495	14,552	16,544
plus: Depreciation & Amortization		285	300	300	300	300
less: Capital Expenditure		(200)	(300)	(200)	(300)	(200)
add: Incr (decr) in Working Capital	10.0%	(1,988)	(1,545)	(1,653)	(1,907)	(2,143)
Available Cash Flow		7,099	$9,206	$10,942	$12,645	$14,501
Present Value Factor	18.0%	0.9206	0.7801	0.6611	0.5603	0.4748
Present Value of Available Cash Flow		$ 6,535	$ 7,182	$ 7,234	$ 7,085	$ 6,886
		1.09	*1.28*	*1.51*	*1.78*	*2.11*
Sum of Present Value of Available Cash Flow		34,922				
Present Value of Residual Value		47,281				
Enterprise Value		**$ 82,204**				

Terminal Valu	
2011 Available Cash Flow	$14,501
Residual Depreciation Adjustment	$0
	$14,501
Growth Rate	3.0%
2012 Projected Cash Flow	$14,936
Capitalization Rate	15.00%
Terminal Value	$ 99,576

Notes:
[1] Because the valuation date is November 30, 2006, a partial year convention should be followed for FY2007. However, because his exhibit isolates the effect of correcting projections alone, APLLP follows MHP's flawed convention of discounting the entire projected cash flow for 2007 back a full year.

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 7**

MHP Exhibit 33 (Guideline Approach) Adjusted for APLLP Identified Issue 4 - Projections Page 5 of 6

($ Thousands)

	High End	***Low End***
Market Value of Invested Capital	$ 118,830	$ 103,380
Less: Interest Bearing Debt	(80)	(80)
Add: Non Operating Assets		
Excess Working capital	5,500	5,500
Market Value of Equity - Issue 4	**$ 124,250**	**$ 108,800**
MHP Value of Equity	124,250	108,800
Delta	$ -	$ -

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Value - High		66,800,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,680,000	6,680,000	6,680,000	6,680,000	6,680,000	6,680,000	6,680,000	6,680,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,964,286	5,325,255	4,754,692	4,245,261	3,790,411	3,384,296	3,021,693	2,697,940
PV of Dividends		**33,183,834**							

Value -Low		60,200,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,375,000	4,799,107	4,284,917	3,825,819	3,415,910	3,049,919	2,723,142	2,431,377
PV of Dividends		**29,905,191**							

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Exhibit 8

Expert Report of Marc J. Brown, CFA — **Exhibit 8**

MHP Exhibit 40 Adjusted for APLLP Identified Issue 5 - Incorrect Guideline Company Data — Page 1 of 5

		Midpoint / Deal Value	High End	Low End
Income Method	50%		$ 115,734,000	$ 103,147,000
Guideline Method	50%		87,020,000	76,880,000
Reconciled Value of Market Value of Equity Ownership Interest			$ 101,377,000	$ 90,013,500
Reconciled Market Value of Equity Ownership Interest (Rounded)			**$ 101,400,000**	**$ 90,000,000**
Less: Present Value of Preferred Dividends (Adjusted for lower Maran Value)			(30,849,000)	(27,421,000)
Market Value of Equity Available to Class B Preferred and Common Shareholders			70,551,000	62,579,000
Underlying Value Attributable to Class B Preferred Shares	49%		34,569,990	30,663,710
Plus: Present Value of Class B Preferred Dividends			30,849,000	27,421,000
Marketable Value of Class B Preferred Shares			65,418,990	58,084,710
Less: Discount for Lack of Marketability	5%		(3,270,950)	(2,904,236)
Fair Market Value of Class B Preferred Shares			$ 62,148,041	$ 55,180,475
		Midpoint		
Adj. FMV of Class B Preferred Shares (Rounded)		**$ 58,650,000**	**$ 62,100,000**	**$ 55,200,000**
Number of Shares Outstanding			49,000	49,000
Adjusted FMV per Share of Class B Preferred Stock			$ 1,267.35	$ 1,126.53
		Deal Value		
Value per MHP		**$ 70,961,000**	**$ 73,000,000**	**$ 65,000,000**
Delta		***$ (12,311,000)***	***$ (10,900,000)***	***$ (9,800,000)***

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 8**

MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 5 - Incorrect Guideline Company Data Page 2 of 5

($ Thousands)

		High End		Low End
Market Value of Invested Capital	$	110,314	$	97,727
Less: Interest Bearing Debt		(80)		(80)
Add: Non Operating Assets				
Excess Working capital		5,500		5,500
Adjusted Market Value of Equity - Issue 5	**$**	**115,734**	**$**	**103,147**
MHP Value of Equity	$	115,734	$	103,147
Delta	$	-	$	-

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 8**

MHP Exhibit 33 (Guideline Method) Adjusted for APLLP Identified Issue 5 - Incorrect Guideline Company Data Page 3 of 5

($ Thousands)

		High End		***Low End***
Market Value of Invested Capital	$	81,600	$	71,460
Less: Interest Bearing Debt		(80)		(80)
Add: Non Operating Assets				
Excess Working capital		5,500		5,500
Adjusted Market Value of Equity - Issue 5	**$**	**87,020**	**$**	**76,880**
MHP Value of Equity		124,250		108,800
Delta	$	(37,230)	$	(31,920)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 8**

MHP Exhibits 27 - 33 (Guideline Method) Adjusted for APLLP Identified Issue 5 - Incorrect Guideline Company Data Page 4 of 5

Utilizing CIQ EBITDA/EBIT Calcs as of 11/30/2006

($ Thousands)

Adjusted for Average November Stock Price

MVIC Calculation	GES	TRLG	BLUE	Median
Common Shares Outstanding [1]	45,689	22,864	26,057	
Average November Stock Price	$ 62.90	$ 16.65	$ 2.33	
Market Value	$ 2,873,860	$ 380,642	$ 60,834	
Plus: Interest Bearing Debt [1]	41,736	-	-	
MVIC	**$ 2,915,596**	**$ 380,642**	**$ 60,834**	
EBITDA [2]	201,664	42,449	6,438	
EBIT [2]	165,336	42,138	6,292	
MVIC / EBITDA	14.5x	9.0x	9.4x	**9.4x**
MVIC / EBIT	17.6x	9.0x	9.7x	**9.7x**

	Low End	High End	
Median EBITDA Multiple	9.4x	9.4x	
Applicable Discount	30.0%	20.0%	
	6.6x	7.6x	
Maran 2006 Normalized EBITDA	$ 10,783	$ 10,783	
Indicated Value of Invested Capital	**$ 71,168**	**$ 81,951**	50%

	Low End	High End	
Median EBIT Multiple	9.7x	9.7x	
Applicable Discount	30.0%	20.0%	
	6.8x	7.7x	
Maran 2006 Normalized EBIT	$ 10,553	$ 10,553	
Indicated Value of Invested Capital	**$ 71,760**	**$ 81,258**	50%
Indicated Value of MVIC	**$ 71,460,000**	**$ 81,600,000**	

Source:

[1] Follows same convention as MHP.

[2] CapitalIQ.

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Value - High		62,100,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,210,000	6,210,000	6,210,000	6,210,000	6,210,000	6,210,000	6,210,000	6,210,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,544,643	4,950,574	4,420,155	3,946,567	3,523,721	3,146,179	2,809,089	2,508,115
PV of Dividends		**30,849,043**							

Value -Low		55,200,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		5,520,000	5,520,000	5,520,000	5,520,000	5,520,000	5,520,000	5,520,000	5,520,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		4,928,571	4,400,510	3,929,027	3,508,060	3,132,196	2,796,604	2,496,968	2,229,435
PV of Dividends		**27,421,372**							

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Exhibit 9

Expert Report of Marc J. Brown, CFA **Exhibit 9**
MHP Exhibit 40 Adjusted for APLLP Identified Issue 6 - Guideline Company Selection and Application Page 1 of 6
Valuation Conclusion

		Midpoint / Deal Value		***High End***		***Low End***
Income Method	50%		$	115,734,000	$	103,147,000
Guideline Method	50%			83,800,037		78,901,285
Reconciled Value of Market Value of Equity Ownership Interest			$	99,767,018	$	91,024,142
Reconciled Value of Market Value of Equity Ownership Interest (Rounded)			**$**	**99,800,000**	**$**	**91,000,000**
Less: Present Value of Preferred Dividends (Adjusted for lower Maran Value)				(30,402,000)		(27,719,000)
Market Value of Equity Available to Class B Preferred and Common Shareholders				69,398,000		63,281,000
Underlying Value Attributable to Class B Preferred Shares	49%			34,005,020		31,007,690
Plus: Present Value of Class B Preferred Dividends				30,402,000		27,719,000
Marketable Value of Class B Preferred Shares				64,407,020		58,726,690
Less: Discount for Lack of Marketability	5%			(3,220,351)		(2,936,335)
Fair Market Value of Class B Preferred Shares			$	61,186,669	$	55,790,356
		Midpoint				
Adj. FMV of Class B Preferred Shares (Rounded)		**$ 58,500,000**	**$**	**61,200,000**	**$**	**55,800,000**
Number of Shares Outstanding				49,000		49,000
Fair Market Value per Share of Class B Preferred Stock			$	1,248.98	$	1,138.78
		Deal Value				
Value per MHP		**$ 70,961,000**	**$**	**73,000,000**	**$**	**65,000,000**
Delta		**$ (12,461,000)**	**$**	**(11,800,000)**	**$**	**(9,200,000)**

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 9**

MHP Exhibit 26 (DCF) Adjusted for APLLP Identified Issue 6 - Guideline Company Selection and Application Page 2 of 6

($ Thousands)

	High End	Low End
Market Value of Invested Capital	$ 110,314	$ 97,727
Less: Interest Bearing Debt	(80)	(80)
Add: Non Operating Assets		
Excess Working capital	5,500	5,500
Adjusted Market Value of Equity - Issue 6	**115,734**	**103,147**
MHP Value of Equity	115,734	103,147
Delta	$ -	$ -

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 9**
MHP Exhibit 33 (Guideline Method) Adjusted for APLLP Identified Issue 6 - Guideline Company Selection and Application Page 3 of 6
($ Thousands)

	High End	***Low End***
Market Value of Invested Capital	$ 78,380	$ 73,481
Less: Interest Bearing Debt	(80)	(80)
Add: Non Operating Assets		
Excess Working capital	5,500	5,500
Adjusted Market Value of Equity - Issue 6	$ 83,800	$ 78,901
MHP Value of Equity	124,250	108,800
Delta	$ (40,450)	$ (29,899)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 9**

MHP Exhibit 33 (Guideline Method) Adjusted for APLLP Identified Issue 6 - Guideline Company Selection and Application Page 4 of 6

($ Thousands)

	MVIC / LTM Revenue		MVIC / LTM EBITDA	
Carter's, Inc.	1.53x	1	11.24x	1
Delta Apparel Inc.	0.75x	1	7.08x	1
Hampshire Group, Limited	0.39x	1	8.36x	1
Jones Apparel Group	0.99x	1	8.89x	1
Liz Claiborne, Inc.	1.05x	1	7.85x	1
Maidenform Brands, Inc.	1.35x	1	9.40x	1
Oxford Industries Inc.	1.00x	1	9.28x	1
Perry Ellis International Inc.	0.71x	1	8.83x	1
PVH Corp.	1.60x	1	11.30x	1
V.F. Corporation	1.41x	1	9.85x	1
Count		10		10
Median Multiple	1.03x		9.09x	
Discount	20%		20%	
Discounted Multiple	0.82x		7.27x	
Results	$ 102,386		$ 10,783	
Indicated Market Value	$ 84,149		**$ 78,380**	

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 9**

MHP Exhibit 33 (Guideline Method) Adjusted for APLLP Identified Issue 6 - Guideline Company Selection and Application Page 5 of 6

($ Thousands)

	MVIC / LTM Revenue		MVIC / LTM EBITDA	
Carter's, Inc.	1.53x	1	11.24x	1
Delta Apparel Inc.	0.75x	1	7.08x	1
Hampshire Group, Limited	0.39x	1	8.36x	1
Jones Apparel Group	0.99x	1	8.89x	1
Liz Claiborne, Inc.	1.05x	1	7.85x	1
Maidenform Brands, Inc.	1.35x	1	9.40x	1
Oxford Industries Inc.	1.00x	1	9.28x	1
Perry Ellis International Inc.	0.71x	1	8.83x	1
PVH Corp.	1.60x	1	11.30x	1
V.F. Corporation	1.41x	1	9.85x	1
Count		10		10
Median Multiple	1.03x		9.09x	
Discount	25%		25%	
Discounted Multiple	0.77x		6.81x	
Results	$ 102,386		$ 10,783	
Indicated Market Value	$ 78,890		**$ 73,481**	

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 9**
MHP Exhibit 40 Adjusted for APLLP Identified Issue 6 - Guideline Company Selection and Application Page 6 of 6

Value - High		61,200,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		6,120,000	6,120,000	6,120,000	6,120,000	6,120,000	6,120,000	6,120,000	6,120,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		5,464,286	4,878,827	4,356,095	3,889,371	3,472,652	3,100,582	2,768,377	2,471,765
PV of Dividends		**30,401,955**							

Value -Low		55,800,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		5,580,000	5,580,000	5,580,000	5,580,000	5,580,000	5,580,000	5,580,000	5,580,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		4,982,143	4,448,342	3,971,734	3,546,191	3,166,242	2,827,002	2,524,109	2,253,668
PV of Dividends		**27,719,430**							

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Exhibit 10

Expert Report of Marc J. Brown, CFA **Exhibit 10**
Affirmative Valuation Page 1 of 9
Valuation Conclusion

		Midpoint / Deal Value	High End	Low End
Income Method	50%		$ 61,579,183	$ 56,879,024
Guideline Method	25%		72,071,901	67,125,220
Transaction Approach	25%		67,619,858	60,221,122
Reconciled Value of Market Value of Equity Ownership Interest			$ 65,712,531	$ 60,276,097
Reconciled Value of Market Value of Equity Ownership Interest (Rounded)			**$ 65,700,000**	**$ 60,300,000**
Less: Present Value of Preferred Dividends (Adjusted for lower Maran Value)			(20,020,000)	(18,380,000)
Market Value of Equity Available to Class B Preferred and Common Shareholders			45,680,000	41,920,000
Underlying Value Attributable to Class B Preferred Shares	49%		22,383,200	20,540,800
Plus: Present Value of Class B Preferred Dividends			20,020,000	18,380,000
Marketable Value of Class B Preferred Shares			42,403,200	38,920,800
Less: Discount for Lack of Marketability	5%		(2,120,160)	(1,946,040)
Fair Market Value of Class B Preferred Shares			$ 40,283,040	$ 36,974,760
		Midpoint		
Adjusted FMV of Class B Preferred Shares (Rounded)		**$ 38,650,000**	**$ 40,300,000**	**$ 37,000,000**
Number of Shares Outstanding			49,000	49,000
Fair Market Value per Share of Class B Preferred Stock			$ 822.45	$ 755.10
		Deal Value		
Value per MHP		**$ 70,961,000**	**$ 73,000,000**	**$ 65,000,000**
Delta		**$ (32,311,000)**	**$ (32,700,000)**	**$ (28,000,000)**

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA
Affirmative Valuation (DCF)
($ Thousands)

		High End	***Low End***
Market Value of Invested Capital		$ 75,496	$ 70,274
Less: Interest Bearing Debt		(7,075)	(7,075)
Add: Non Operating Assets			
Excess Working capital		-	-
Market Value of Equity - Marketable, Controlling Basis		$ 68,421	$ 63,199
Minority Discount	10.0%	$ (6,842)	$ (6,320)
Adjusted Market Value of Equity		**$ 61,579**	**$ 56,879**
MHP Value of Equity		115,734	103,147
Delta		(54,155)	(46,268)

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA
Affirmative Valuation (DCF)
($ Thousands)

Exhibit 10
Page 3 of 9

	2006	2007	2008	2009	2010	2011
		Projected Year Ended August 31,				
Sales	$102,386	$122,263	$137,711	$154,236	$173,304	$194,730
Growth:		*19.40%*	*12.64%*	*12.00%*	*12.36%*	*12.36%*
Total Cost of Sales		90,475	101,906	114,134	128,245	144,099
Gross Profit		$31,788	$35,805	$40,102	$45,059	$50,631
		26%	26%	26%	26%	26%
Operating Expenses:						
Other Operating Expenses		16,698	17,718	19,021	20,556	22,815
Depreciations and Amortization		285	300	300	300	300
Total Operating Expenses		16,983	18,018	19,321	20,856	23,115
Income from Operations		14,805	17,787	20,781	24,203	27,516
Other Income (Expenses):						
Gain on sale of building		-	-	-	-	-
Financial costs		-	-	-	-	-
Total Other Income (Expenses)		-	-	-	-	-
EBT		14,805	17,787	20,781	24,203	27,516
Add: AAA Interest Expenses		-	-	-	-	-
EBIT		14,805	17,787	20,781	24,203	27,516
Income Taxes		(5,803)	(7,036)	(8,286)	(9,651)	(10,972)
Net Income		9,002	10,751	12,495	14,552	16,544
		7.36%	7.81%	8.10%	8.40%	8.50%
Cash Flow Calculation:						
Net Income		9,002	10,751	12,495	14,552	16,544
plus: Depreciation & Amortization		285	300	300	300	300
less: Capital Expenditure		(200)	(300)	(200)	(300)	(200)
add: Incr (decr) in Working Capital	20.0%	(3,975)	(3,090)	(3,305)	(3,814)	(4,285)
Available Cash Flow		5,112	$7,661	$9,290	$10,738	$12,359
Partial Year Factor		0.7507	1.0000	1.0000	1.0000	1.0000
Mid-Year Convention		0.3753	1.2507	2.2507	3.2507	4.2507
Present Value Factor	17.0%	0.9428	0.8217	0.7023	0.6003	0.5131
Present Value of Available Cash Flow		$ 3,618	$ 6,295	$ 6,524	$ 6,446	$ 6,341
		1.06	*1.22*	*1.42*	*1.67*	*1.95*
Sum of Present Value of Available Cash Flow		29,224				
Present Value of Residual Value		46,272				
Enterprise Value		**$ 75,496**				

Terminal Value	
2011 Available Cash Flow	$12,359
Residual Depreciation Adjustme	($100)
	$12,259
Growth Rate	3.0%
2012 Projected Cash Flow	$12,627
Capitalization Rate	14.00%
Terminal Value	$ 90,190

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA **Exhibit 10**
Affirmative Valuation (DCF) Page 4 of 9
($ Thousands)

		Projected Year Ended August 31,				
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Sales	$102,386	$122,263	$137,711	$154,236	$173,304	$194,730
Growth:		*19.40%*	*12.64%*	*12.00%*	*12.36%*	*12.36%*
Total Cost of Sales		90,475	101,906	114,134	128,245	144,099
Gross Profit		$31,788	$35,805	$40,102	$45,059	$50,631
		26%	26%	26%	26%	26%
Operating Expenses:						
Other Operating Expenses		16,698	17,718	19,021	20,556	22,815
Depreciations and Amortization		285	300	300	300	300
Total Operating Expenses		16,983	18,018	19,321	20,856	23,115
Income from Operations		14,805	17,787	20,781	24,203	27,516
Other Income (Expenses):						
Gain on sale of building		-	-	-	-	-
Financial costs		-	-	-	-	-
Total Other Income (Expenses)		-	-	-	-	-
EBT		14,805	17,787	20,781	24,203	27,516
Add: AAA Interest Expenses		-	-	-	-	-
EBIT		14,805	17,787	20,781	24,203	27,516
Income Taxes		(5,803)	(7,036)	(8,286)	(9,651)	(10,972)
Net Income		9,002	10,751	12,495	14,552	16,544
		7.36%	7.81%	8.10%	8.40%	8.50%
Cash Flow Calculation:						
Net Income		9,002	10,751	12,495	14,552	16,544
plus: Depreciation & Amortization		285	300	300	300	300
less: Capital Expenditure		(200)	(300)	(200)	(300)	(200)
add: Incr (decr) in Working Capital	20.0%	(3,975)	(3,090)	(3,305)	(3,814)	(4,285)
Available Cash Flow		5,112	$7,661	$9,290	$10,738	$12,359
Partial Year Factor		0.7507	1.0000	1.0000	1.0000	1.0000
Mid-Year Convention		0.3753	1.2507	2.2507	3.2507	4.2507
Present Value Factor	18.0%	0.9398	0.8130	0.6890	0.5839	0.4948
Present Value of Available Cash Flow		$ 3,606	$ 6,229	$ 6,400	$ 6,270	$ 6,115
		1.06	*1.23*	*1.45*	*1.71*	*2.02*

Sum of Present Value of Available Cash Flow	28,621
Present Value of Residual Value	41,653
Enterprise Value	**$ 70,274**

Terminal Value	
2011 Available Cash Flow	$12,359
Residual Depreciation Adjustmen	($100)
	$12,259
Growth Rate	3.0%
2012 Projected Cash Flow	$12,627
Capitalization Rate	15.00%
Terminal Value	$ 84,177

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA
Affirmative Valuation (Guideline Method)
($ Thousands)

	MVIC / LTM Revenue		MVIC / LTM EBITDA	
Carter's, Inc.	1.53x	1	11.24x	1
Delta Apparel Inc.	0.75x	1	7.08x	1
Hampshire Group, Limited	0.39x	1	8.36x	1
Jones Apparel Group	0.99x	1	8.89x	1
Liz Claiborne, Inc.	1.05x	1	7.85x	1
Maidenform Brands, Inc.	1.35x	1	9.40x	1
Oxford Industries Inc.	1.00x	1	9.28x	1
Perry Ellis International Inc.	0.71x	1	8.83x	1
PVH Corp.	1.60x	1	11.30x	1
V.F. Corporation	1.41x	1	9.85x	1
Count		10		10
Median Multiple	1.03x		9.09x	
Discount	20%		20%	
Discounted Multiple	0.82x		7.27x	
Results	$ 102,386		$ 10,889	
Indicated Market Value	$ 84,149		$ 79,147	
Less: Debt	$ (7,075)		$ (7,075)	
Indicated Value of Common Equity on a Marketable, Minority Basis	$ 77,074		**$ 72,072**	

Note: The Maran audited financials for the year ended 8/31/2006 show depreciation and amortization of $248,521 included in EBIT. I conservatively included this full amount in my calculation of EBITDA rather than the $230,000 of depreciation and amortization MHP includes.

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Expert Report of Marc J. Brown, CFA
Affirmative Valuation (Guideline Method)
($ Thousands)

	MVIC / LTM Revenue		MVIC / LTM EBITDA	
Carter's, Inc.	1.53x	1	11.24x	1
Delta Apparel Inc.	0.75x	1	7.08x	1
Hampshire Group, Limited	0.39x	1	8.36x	1
Jones Apparel Group	0.99x	1	8.89x	1
Liz Claiborne, Inc.	1.05x	1	7.85x	1
Maidenform Brands, Inc.	1.35x	1	9.40x	1
Oxford Industries Inc.	1.00x	1	9.28x	1
Perry Ellis International Inc.	0.71x	1	8.83x	1
PVH Corp.	1.60x	1	11.30x	1
V.F. Corporation	1.41x	1	9.85x	1
Count		10		10
Median Multiple	1.03x		9.09x	
Discount	25%		25%	
Discounted Multiple	0.77x		6.81x	
Results	$ 102,386		$ 10,889	
Indicated Market Value	$ 78,890		$ 74,200	
Less: Debt	$ (7,075)		$ (7,075)	
Indicated Value of Common Equity on a Marketable, Minority Basis	$ 71,815		**$ 67,125**	

Note: The Maran audited financials for the year ended 8/31/2006 show depreciation and amortization of $248,521 included in EBIT. I conservatively included this full amount in my calculation of EBITDA rather than the $230,000 of depreciation and amortization MHP includes.

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Expert Report of Marc J. Brown, CFA
Affirmative Valuation
Transaction Approach
($ Thousands)

Exhibit 10
Page 7 of 9

Target	Purchaser	Close Date	MVIC / LTM Revenue		MVIC / EBITDA	
Russell Brands, LLC	Fruit of the Loom, Inc.	8/2/2006	0.74x	1	6.86x	1
Kentucky Derby Hosiery Co., Inc.	Gildan Activewear Inc. (TSX:GIL)	7/6/2006	0.35x	1	n/a	0
Oxford Industries Inc., Womenswear Group	Li & Fung Limited (SEHK:494)	6/2/2006	0.15x	1	n/a	0
Sun Apparel, LLC	Ralph Lauren Corporation (NYSE:RL)	2/3/2006	0.85x	1	n/a	0
Westcoast Contempo Fashions Limited	Liz Claiborne, Inc.	1/26/2006	0.59x	1	n/a	0
Haggar Corp.	Perseus, L.L.C.; Symphony Holdings Limited (SEHK:1223); Infinity Associates LLC	11/1/2005	0.41x	1	10.41x	1
Saucony, Inc.	The Stride Rite Corporation	9/16/2005	0.78x	1	7.09x	1
OshKosh B'Gosh, Inc.	The William Carter Company	7/14/2005	0.68x	1	9.25x	1
Sidney Bernstein & Son Lingerie Inc	Movie Star Inc.	8/3/2004	0.19x	0	n/a	0
Exclusively Misook, Inc.	XMH Corp. 1	7/20/2004	0.71x	1	8.01x	1
Maidenform Brands, Inc.	Oaktree Capital Management, L.P.; Ares Private Equity Group	5/12/2004	0.72x	1	6.94x	1
Median			0.70x		7.55x	
Discount			0%		0%	
Selected Multiple			0.70x		7.55x	
Maran LTM Results			$ 102,386		$ 10,889	
Indicated Market Value			$ 71,568		$ 82,208	
Less: Debt			$ (7,075)		$ (7,075)	
Indicated Value of Equity on a Marketable Basis			$ 64,493		$ 75,133	
Minority Discount		10.0%	$ (6,449)		$ (7,513)	
Indicated Value of Equity on a Minority, Marketable Basis			$ 58,044		**$ 67,620**	

Note: The Maran audited financials for the year ended 8/31/2006 show depreciation and amortization of $248,521 included in EBIT. I conservatively included this full amount in my calculation of EBITDA rather than the $230,000 of depreciation and amortization MHP includes.

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Expert Report of Marc J. Brown, CFA
Affirmative Valuation
Transaction Approach
($ Thousands)

Target	Purchaser	Close Date	MVIC / LTM Revenue		MVIC / EBITDA	
Russell Brands, LLC	Fruit of the Loom, Inc.	8/2/2006	0.74x	1	6.86x	1
Kentucky Derby Hosiery Co., Inc.	Gildan Activewear Inc. (TSX:GIL)	7/6/2006	0.35x	1	n/a	0
Oxford Industries Inc., Womenswear Group	Li & Fung Limited (SEHK:494)	6/2/2006	0.15x	1	n/a	0
Sun Apparel, LLC	Ralph Lauren Corporation (NYSE:RL)	2/3/2006	0.85x	1	n/a	0
Westcoast Contempo Fashions Limited	Liz Claiborne, Inc.	1/26/2006	0.59x	1	n/a	0
Haggar Corp.	Perseus, L.L.C.; Symphony Holdings Limited (SEHK:1223); Infinity Associates LLC	11/1/2005	0.41x	1	10.41x	1
Saucony, Inc.	The Stride Rite Corporation	9/16/2005	0.78x	1	7.09x	1
OshKosh B'Gosh, Inc.	The William Carter Company	7/14/2005	0.68x	1	9.25x	1
Sidney Bernstein & Son Lingerie Inc	Movie Star Inc.	8/3/2004	0.19x	0	n/a	0
Exclusively Misook, Inc.	XMH Corp. 1	7/20/2004	0.71x	1	8.01x	1
Maidenform Brands, Inc.	Oaktree Capital Management, L.P.; Ares Private Equity Group	5/12/2004	0.72x	1	6.94x	1

		MVIC / LTM Revenue	MVIC / EBITDA
Median		0.70x	7.55x
Discount		10%	10%
Selected Multiple		0.63x	6.80x
Maran LTM Results		$ 102,386	$ 10,889
Indicated Market Value		$ 64,411	$ 73,987
Less: Debt		$ (7,075)	$ (7,075)
Indicated Value of Equity on a Marketable Basis		$ 57,336	$ 66,912
Minority Discount	10.0%	$ (5,734)	$ (6,691)
Indicated Value of Equity on a Minority, Marketable Basis		$ 51,602	**$ 60,221**

Note: The Maran audited financials for the year ended 8/31/2006 show depreciation and amortization of $248,521 included in EBIT. I conservatively included this full amount in my calculation of EBITDA rather than the $230,000 of depreciation and amortization MHP includes.

Note that Exhibits 4 through 9 have been calculated to isolate individual adjustments to the valuation from the MHP 11/30/06 Report. For this reason, the adjustments calculated in each of these exhibits are independent of one another and a summation of the individual overvaluations resulting from the flaws shown in Exhibits 4 - 9 is not reflective of a cumulative total of overvaluation, given the independent nature of the calculations. Exhibit 10 reflects all proposed adjustments and encompasses the flaws in Exhibits 4 through 7 and 9.

Value - High		40,300,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		4,030,000	4,030,000	4,030,000	4,030,000	4,030,000	4,030,000	4,030,000	4,030,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		3,598,214	3,212,691	2,868,474	2,561,138	2,286,730	2,041,723	1,822,967	1,627,649
PV of Dividends		**20,019,588**							

Value -Low		37,000,000	10%						
Year		1	2	3	4	5	6	7	8
Dividend		3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
PV	12.0%	0.89286	0.79719	0.71178	0.63552	0.56743	0.50663	0.45235	0.40388
		3,303,571	2,949,617	2,633,587	2,351,417	2,099,479	1,874,535	1,673,692	1,494,368
PV of Dividends		**18,380,267**							

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Appendix A

Expert Report of Marc J. Brown, CFA
Appendix A: Selected Guideline Company Descriptions as of November 30, 2006

Carter's, Inc. (NYSE:CRI) – Carter's markets apparel exclusively for babies and young children in the United States. Carter's offers essential core products at prices that deliver an attractive value proposition for customers. Carter's designs, sources and markets their products in department stores, national chains, specialty stores, off-price sales channels and through Carter's retail stores. Carter's sources its products through contractual arrangements with manufacturers worldwide for wholesale distribution to major domestic retailers, including the mass channel. In fiscal 2006, Carter's derived approximately 45% of consolidated net sales from its top eight customers including Kohl's (11%) and Wal-Mart (10%).

Market Capitalization: $1,622.4M
LTM Sales: $1,316.5M
LTM EBITDA: $179.4M

Delta Apparel Inc. (AMEX:DLA) – Delta Apparel is a marketer, manufacturer and distributor of branded and private label activewear apparel in the United States. Delta Apparel specializes in selling casual and athletic tops and bottoms, t-shirts and fleece products. Delta Apparel has manufacturing operations in the Southeastern United States, Honduras, and Mexico and also uses foreign and domestic contractors as additional sources of production.

Market Capitalization: $152.5M
LTM Sales: $272.2M
LTM EBITDA: $28.6M

Hampshire Group, Limited (Nasdaq:HAMP) – Hampshire Group designs and markets apparel in the United States through four wholly-owned subsidiaries: Hampshire Designers, Inc., Item-Eyes, Inc., SB Corporation, and Shane Hunter, Inc. Each of these divisions sources the manufacturing of its products through manufacturers. Hampshire markets both branded and private-label products in the moderate and better markets through national and regional department stores, mass market retailers and specialty stores. In fiscal 2006, Hampshire derived approximately 48% of its sales from its top four customers, Kohl's (13%), Target (12%), JCPenney (12%) and Federated Department Stores (11%).

Market Capitalization: $130.3M
LTM Sales: $334.1M
LTM EBITDA: $15.6M

The Jones Apparel Group (NYSE:JNY) – Jones Apparel Group is a designer, marketer and wholesaler of branded apparel, footwear and accessories. Jones Apparel Group contracts for the manufacture of its products through a worldwide network of independent third party manufacturers. Fiscal 2006 operations were comprised of four reportable segments: wholesale better apparel, wholesale moderate apparel, wholesale footwear and accessories and retail. Jones Apparel Group sells its products through a broad array of distribution channels, including better specialty and department stores and mass merchandisers, primarily in the United States and Canada. In fiscal 2006, Jones Apparel Group derived approximately 47% of sales from its top ten customers with Federated Department Stores representing 18% of sales.

Market Capitalization: $3,704.5M
LTM Sales: $4,751.3M
LTM EBITDA: $527.4M

Liz Claiborne, Inc. (NYSE:LIZ) – Liz Claiborne designs and markets branded women's and men's apparel, accessories and fragrance products through wholesale and retail channels. In fiscal 2006, Liz Claiborne's operations were comprised of three reportable segments: wholesale apparel, wholesale non-apparel and retail. Approximately 60% of Liz Claiborne's total sales were in the wholesale market. Domestic sales accounted for approximately 72% of net sales. Liz Claiborne does not own any product manufacturing facilities. Rather, all of its products are manufactured through arrangements with independent suppliers.

Market Capitalization: $4,381.4M
LTM Sales: $4,865.3M
LTM EBITDA: $651.6M

Maidenform Brands, Inc. (NYSE:MFB) – Maidenform Brands is a global apparel company that designs, sources and markets an extensive range of branded and private-label intimate apparel products. Maidenform Brands' products are sold through multiple distribution channels including department stores and national chain stores, mass merchants, specialty retailers and off-price retailers. In fiscal 2006, the wholesale segment accounted for 87% of Maidenform Brands' consolidated net sales. Maidenform Brands derived 69% of total net sales and 80% of wholesale net sales from its ten largest customers. Maidenform Brands major wholesale customers include Federated Department Stores, JCPenney, Kohl's, Mervyns, Sears, Target, Wal-Mart and Costco. Maidenform Brands outsources all manufacturing of the products that it sells.

Market Capitalization: $436.8M
LTM Sales: $411.4M
LTM EBITDA: $59.2M

Oxford Industries, Inc. (NYSE:OXM) – Oxford Industries is a producer and marketer of branded and private label apparel. Oxford Industries primarily distributes its products through its wholesale customers which include chain stores, department stores, specialty stores, specialty catalog and mass merchants. In fiscal 2006, Oxford Industries derived 44% of net sales from its ten largest customers. Approximately 97% of Oxford Industries' products were sourced from third party producers.

Market Capitalization: $901.0M
LTM Sales: $1,124.7M
LTM EBITDA: $121.5M

Perry Ellis International Inc. (Nasdaq:PERY) – Perry Ellis is an apparel company that designs, sources, markets and licenses its products at multiple price points across all major levels of retail distribution. Products include both branded and private-label products. Perry Ellis distributes its products primarily to wholesale customers including department stores, national and regional chain stores, mass merchants, and specialty stores, with wholesale business accounting for 97% of total revenues. The company's five largest customers derived 50% of sales. These customers include: Kohl's (13%), Federated Department Stores (11%), Wal-Mart (11%), Dillard's and JCPenney. Perry Ellis uses independent contract manufacturers to supply the substantial majority of the products it sells.

Market Capitalization: $366.4M
LTM Sales: $818.9M
LTM EBITDA: $65.6M

Phillips Van Heusen Corporation (NYSE:PVH) – PVH designs and markets apparel, footwear and other related products primarily in the United States. PVH markets its products at multiple price points and across various channels of distribution. Sales to PVH's five largest customers, including Federated Department Stores, JCPenney, Kohl's and Wal-Mart, accounted for 31% of its 2006 revenue. As of May 2006, nearly 100% of PVH's products are produced by independent third parties, principally located in foreign countries.

Market Capitalization: $2,731.7M
LTM Sales: $1,958.6M
LTM EBITDA: $277.0M

V.F. Corporation (NYSE:VFC) – VF sells a diverse portfolio of lifestyle apparel and related products. VF derives 74% of its revenues domestically. Over the last several years, VF has shifted production from the United States to lower cost global locations. Approximately 67% of domestic Net Sales in 2006 were obtained from contractors, primarily in Asia, and the remaining 32% was manufactured in VF-owned facilities. Sales to VF's ten largest customers amounted to 30% of Total Revenues in 2006. These larger customers included Federated Department Stores, Kohl's, JCPenney, Sears, Target and Wal-Mart. Wal-Mart was VF's largest customer and accounted for 13.2% of Total Revenues in 2006, substantially all of which were in the Jeanswear Coalition.

Market Capitalization: $8,761.3M
LTM Sales: $6,912.3M
LTM EBITDA: $991.3M

Appendix B

Russell Brands, LLC – Russell Brands markets and sells apparel and sporting goods through mass merchandisers, sporting goods dealers, department and sports specialty stores and other retail channels. Approximately 99% of Russell's apparel sewing and assembly operations are conducted offshore. Gross sales to Wal-Mart represented approximately 17% of consolidated gross sales for fiscal year 2005. Sales to the Company's top ten customers accounted for approximately 39% of gross sales in 2005.

Transaction Close Date: 8/2/2006
LTM Sales: $1,431.6M
LTM EBITDA: $153.4M

Kentucky Derby Hosiery Co., Inc. – Kentucky Derby is a hosiery manufacturer based in Hopkinsville, Kentucky. Kentucky Derby's sales consist primarily of private label programs for mass-market retailers domestically.

Transaction Close Date: 7/6/2006
LTM Sales: $130.0M
LTM EBITDA: n/a

Oxford Industries Inc., Womenswear Group – Oxford Industries is a producer and marketer of branded and private label apparel. Oxford Industries primarily distributes its products through its wholesale customers which include chain stores, department stores, specialty stores, specialty catalog and mass merchants. Through a transaction closed on June 2, 2006, Oxford Industries, Inc. sold substantially all of the assets of the Company's Womenswear Group to The Millwork Trading Co., Ltd., d/b/a Li & Fung USA, a member of The Li & Fung Group. The Womenswear Group produces private label women's sportswear separates, coordinated sportswear, outerwear, dresses and swimwear.

Transaction Close Date: 6/2/2006
LTM Sales: $257.0M
LTM EBITDA: n/a

Sun Apparel, LLC – Sun Apparel, Inc. consists of assets and liabilities primarily relating to the Polo Jeans Company business. On January 22, 2006, Polo Ralph Lauren Corporation entered into a Stock Purchase Agreement with Nine West Holdings, Inc. to purchase all outstanding stock of Sun Apparel. The transaction was closed on February 3, 2006. Sun operated the Polo Jeans Company business under long-term license and design agreements entered into with Polo in 1995. This agreement included exclusive license to manufacture and market women's shirts, blouses, skirts, jackets, suits, sweaters, pants, vests, coats, outwear and hats under the Lauren by Ralph Lauren trademark.

Transaction Close Date: 2/3/2006
LTM Sales: $300.0M
LTM EBITDA: n/a

Westcoast Contempo Fashions Limited – Westcoast Contempo Fashions and Mac and Jack Holdings Limited collectively design, market and sell the *mac & jac*, *Kenzie* and *kenziegirl* apparel lines. The Company is based in Canada and offers apparel and accessories for women and men. The Company primarily sells its products through department stores and specialty stores in the United States and Canada.

Transaction Close Date: 1/26/2006
LTM Sales: $40.0M
LTM EBITDA: n/a

Haggar Corp. (Nasdaq: HGGR) – Haggar designs, manufactures, imports and markets apparel products through wholesale and retail channels. The wholesale segment is the primary distribution channel through which Haggar sells its products. The Company's four largest customers, JCPenney (20%), Kohl's (16%), Wal-Mart (10%) and May Department Stores (7%), accounted for over 50% of the Company's net sales for the fiscal year ended September 30, 2004.

Transaction Close Date: 11/1/2005
LTM Sales: $472.6
LTM EBITDA: $18.5M

Saucony, Inc. – Saucony designs, develops and markets athletic footwear, athletic apparel and casual leather footwear. Approximately 77% of Sacony's net sales were realized domestically in fiscal 2004. The Company's principal products include: running, walking and cross-training shoes and athletic apparel for both men and women. Saucony contracts with third parties for the manufacture of its apparel, the majority of which is manufactured outside of the United States.

Transaction Close Date: 9/16/2005
LTM Sales: $161.5M
LTM EBITDA: $17.8M

OshKosh B'Gosh, Inc. – OshKosh B'Gosh designs, sources and markets apparel primarily for the children's wear and youth wear markets. The Company designs and sources substantially all of its OshKosh B'Gosh and related trademark apparel products that are marketed and sold in the United States. The Company's designers detail manufacturing specifications and the product is then manufactured by third-party contractors worldwide. The Company's wholesale customers include Kohl's, JC Penney and Sears. The Company's ten largest customers accounted for approximately 30% of 2004 total OshKosh B'Gosh net sales.

Transaction Close Date: 7/14/2005
LTM Sales: $403.7M
LTM EBITDA: $29.9M

Sidney Bernstein & Son Lingerie, Inc. – Sidney Bernstein & Son Lingerie is engaged in the design, marketing and sale of women's lingerie and related apparel and accessories.

Transaction Close Date: 8/3/2004
LTM Sales: $18.0M
LTM EBITDA: n/a

Exclusively Misook, Inc. – Exclusively Misook designs and markets women's knit apparel products. The Company imports the women's apparel it sells from Korea and sells it to department stores and specialty shops throughout the United States. Sales to two customers totaled approximately 83% of sales for fiscal year 2003.

Transaction Close Date: 7/20/2004
LTM Sales: $39.6M
LTM EBITDA: $3.5M

Maidenform Brands, Inc. – Maidenform Brands is a global apparel company that designs, sources and markets an extensive range of branded and private-label intimate apparel products. Maidenform Brands' products are sold through multiple distribution channels including department stores and national chain stores, mass merchants, specialty retailers and off-price retailers.

Transaction Close Date: 5/12/2004
LTM Sales: $300.0M
LTM EBITDA: $31.0M